How imports shake up U. S. companies

(Page 47)

BUSINESS WEEK

A McGRAW-HILL PUBLICATION

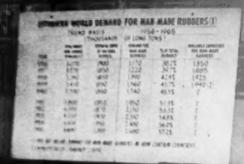
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NOV. 7, 1959



J. Ward Keener is applying a "planned approach" to restore
B. F. Goodrich's profit leadership.

(Management)

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"National Accounting Machines return 52% annually on our investment."

-UNITED AIRCRAFT CORPORATION

Pratt & Whitney Aircraft Division, E. Hartford, Conn.

"The mountains of paper work which must be processed in our accounting departments make efficient accounting methods mandatory. For the same reason, the equipment on which the media is processed must assure an even flow of data or the system could suffer from costly delays and bottlenecks.

"Our seventeen National Class 31 and 32 multi-duty accounting machines speed the flow of data and return 52% annually on our original investment.

"Because these machines are multipurpose units—capable of doing many things simultaneously—we consider our National equipment absolutely essential to our accounting and data processing needs."

Richard J. Horner

Divisional Controller, Pratt & Whitney Aircraft Division

THE NATIONAL CASH REGISTER COMPANY, DAYTON 9, OHIO

1,039 BRANCHES IN 121 COUNTRIES . . . 75 YEARS OF HELPING BUSINESS SAVE MONEY

Inyour business, too, National machines will pay for themselves, thencontinue savings as annual profit.
Your National representative will show how much you can

automate card punching simultaneously with posting accounting records.



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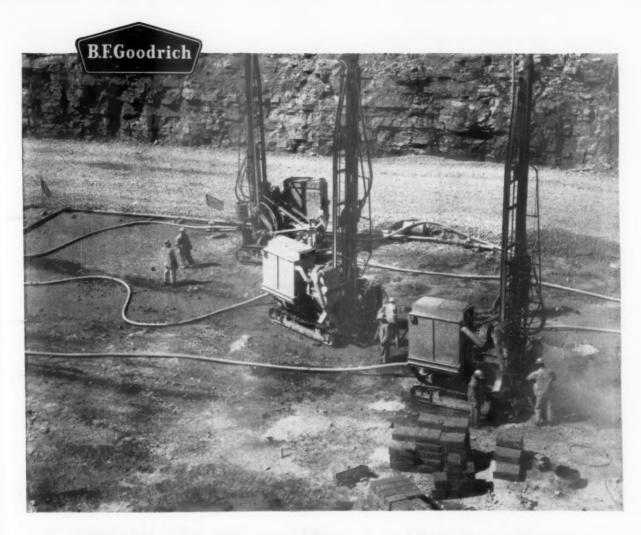
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1947-49=100			^		170 — 160
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N. V.					130
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JFMAMJJASONDJFMAMJJASO	N D J	FMAN	1959	SON	
	1953-55	Year	Month	Week	§ Late
USINESS WEEK INDEX (chart)	133.3	137.1	145.6	142.5r	141.
ODUCTION					
teel ingot (thous, of tons)	2,032	2,011	362	371r	3
utomobiles	125,553	97,804	105,720	112,488r	103,0
ngineering const. awards (Eng. News-Rec. 4-wk. daily av. in thous.)	\$52,412 10,819	\$43,214 12,330	\$56,626 13,234	\$45,223 12,762	\$47,6
rude oil and condensate (daily av., thous. of bbl.)	6,536	6,911	6,825	6,875	6,8
ituminous coal (daily av., thous. of tons)	1,455	1,452	1,299	1,329r	1,3
aperboard (tons)	247,488	317,801	331,401	317,823	332,3
ADE (arloadings: mfrs., miscellaneous and l.c.l. (daily av., thous. of cars)	70	64	60	59	
arloadings: all others (daily av., thous, of cars)	47	49	38	38	
Department store sales index (1947-49 = 100, not seasonally adjusted)	121 198	140 299	145 224	160 250	1
ICES					
pdustrial raw materials, daily index (BLS, 1947-49 = 100)	89.2	89.8	94.0	95.3	9
oodstuffs, daily index (BLS, 1947-49 = 100)	90.5	82.7	75.2	75.2	7
Print cloth (spot and nearby, yd.)	19.8∉	17.7¢	19.5¢	20.8¢	20
inished steel, index (BLS, 1947-49 = 100)	143.9	186.2	186.8	186.8	18
crap steel composite (Iron Age, ton)	\$36.10	\$42.83	\$43.50	\$46.17	\$46
Copper (electrolytic, delivered price, E & MJ, lb.)	32.394¢ 20.6¢	29.115¢ 24.7¢	32.895¢ 24.7¢	33.230¢ 24.7¢	33.27
Aluminum, secondary alloy #380, 1% zinc (U. S. del., E&MJ, Ib.)	11	21.79€	23.76€	23.78€	23.
Wheat (No. 2, hard and dark hard winter, Kansas City, bu.)	\$2.34	\$1.96	\$1.99	\$2.06	\$2
Cotton, daily price (middling, 1 in., 14 designated markets, lb.)	34.57¢	34.76€	31.73¢	31.60∉	31.
Nool tops (Boston, Ib.)	\$1.96	\$1.66	\$1.82	\$1.80	\$1.
VANCE 500 stocks composite, price index (S&P's, 1941-43 = 100)	31.64	51.55	57.06	56.88	. 57
Medium grade corporate bond yield (Baa issues, Moody's)	3.59%	4.90%	5.28%	5.26%	5.27
Prime commercial paper, 4 to 6 months, N. Y. City (prevailing rate)	2-21/8 %	31/8 %	43/4 %	43/4 %	45/
ANKING (Millions of Dollars)	7		4.0		
Demand deposits adjusted, reporting member banks	††	61,541	60,077	60,805	61,
Total leans and investments, reporting member banks	††	101,792	103,571	103,916	103,
Commercial, industrial, and agricultural loans, reporting member banks	††	31,398 34,351	30,423 28,118	30,476 28,483	30,
J. S. gov't guaranteed obligations held, reporting member banks Total federal reserve credit outstanding	26,424	26,767	28,403	28,664	28,
ONTHLY FIGURES OF THE WEEK		1953-55 Average	Year Ago	Month Ago	Lat
Consumer credit outstanding (in billions)		\$34.1	\$43.1	\$47.9	\$4
installment cradit outstanding (in billions)Sept		\$24.2	\$33.1	\$37.0	\$3
Manufacturers' inventories (seasonally adjusted, in billions)Sept		\$45.2	\$49.3	\$52.1	\$5
Wholesalers' inventories (seasonally adjusted, in billions)Sept		\$10.6	\$12.1	\$12.2	\$1
Retailers' inventories (seasonally adjusted, in billions)Sept.		\$21.4	\$23.7	\$24.8	\$2

^{*} Preliminary, week ended October 31, 1959. r Revised.

†† Not available. 8 Date for 'Latest Week' on each series on request.

THE PICTURES—Cover—Ed Nano; 25—WW; 26—(top & cen.) WW, (bot.) UPI; 27—(top) Herb Kratovil, (bot.) WW; 29—UPI; 30, 31—Herb Kratovil; 32—Noel Clark; 33—(It.) Grant Compton, (rt.) Robert Phillips; 38—Pennsylvania RR; 47—McGraw-Hill Illustration Dept.; 72—Jean Raeburn; 76, 77—Herb Kratovil; 86—(top) Gordon W. Cowan, (bot.) Crown Zellerbach Canada; 88—Minneapolis-Honeywell Regulator Co.; 90—R. G. Le Tourneau; 96—(top) Turofsky, (bot.) The Telegram, Toronto; 97—Turofsky; 107—General Electric Co.; 110—Pictorial Parade; 129—(top It.) UPI, (top rt.) Paris Match from Pictorial Parade, (bot.) UPI; 154, 155, 157—Hugo Harper; 169, 171, 172, 176—Ed Nano; 180—Metropolitan Insurance Co.



Hose helps dig a ditch that will detour a river

B. F. Goodrich improvements in rubber brought extra savings

Those machines are drilling holes for dynamite charges to blast out rock. When the job is done, a mighty river will take a detour down this newly formed channel. Power for the machines comes from compressed air, carried by hose. But on jobs like this, rubber hose used to go to pieces in no time.

88

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When heat from the compressor got into the hose, it would harden the rubber, breaking it into loose, gummy particles that clogged the machine, put it out of action.

B.F.Goodrich engineers went to work on the problem. By adding, subtracting and changing proportions of rubber, they found a special compound for the hose that stands heat without scorching or hardening.

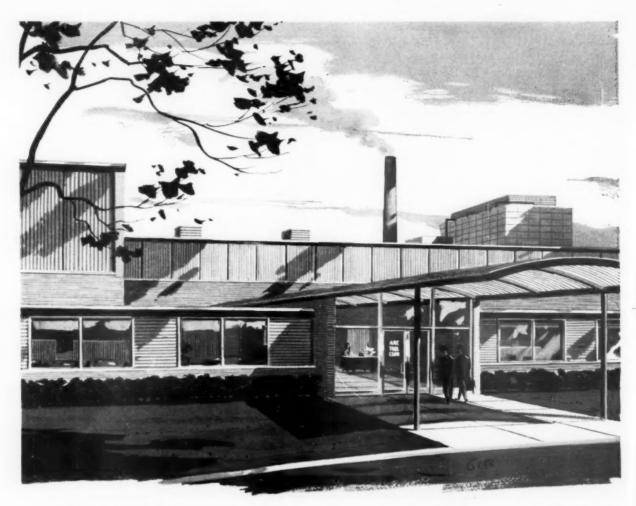
Hose lined with this new rubber was made and put to work. On jobs where air hose used to go to pieces in weeks, B.F.Goodrich hose now lasts months, even years.

Thousands of feet of B.F.Goodrich

air hose are in constant use on this job. It's been doing dozens of different jobs, and lasting longer doing them, even though it's dragged over rough, jagged rocks, soaked in water, sometimes battered by flying pieces of rock.

Your B. F. Goodrich distributor has the exact specifications for the B. F. Goodrich air hose described here. And, as a factory-trained specialist in rubber products he can answer your questions about all the rubber products B. F. Goodrich makes for industry. B. F. Goodrich Industrial Products. Co., Dept. M-740, Akron 18, Ohio.

B.F.Goodrich industrial rubber products



Designed for beauty and maximum low-cost daylighting with Johns-Manville Fiber Glass Corrulux®

the translucent building panels that defy breakage



By providing color and functional beauty Johns-Manville Corrulux translucent building panels offer new opportunities in the architectural design of industrial and commercial buildings.

These shatterproof, fiber-glass-reinforced building panels, when used for sidelighting, skylighting, glazing, partitions and awnings, provide translucency for diffused daylighting. Corrulux admits more usable, free daylight, cuts glare, provides evenly lighted, shadowless areas.

When Corrulux goes up, maintenance costs go down. The lightweight panels are made of tough light-stabilized resins reinforced with millions of high-strength glass

fibers. Corrulux will not crack, warp, buckle or sag. It resists the effects of most industrial fumes and is impervious to weather. Ordinary rocks, hailstones and flying objects have no effect on Corrulux.

Corrulux panels 4' to 12' in length, 26" to 40" wide; are easy to handle and install. They require a minimum of framing. No special flashing or caulking is needed.

For additional information on how J-M Corrulux can be utilized in new construction and for modernization of old buildings, see your Johns-Manville distributor. Or write to: Johns-Manville, Box 158, N.Y. 16, N.Y. In Canada, Plastic and Allied Building Products, Ltd., Box 250, Dundas, Ont.

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READERS REPORT

Public Speaking

Dear Sir:

It's great to see your spotlight brighten the murky swamp in which so many otherwise competent executives bog down-effective public speaking.

Your "short course" certainly highlights the essentials and can work wonders for someone who

recognizes his need.

But haven't you deprived your readers of perhaps the most effective, inexpensive, and surely the most enjoyable method of improvement? Toastmasters International! . . .

H. WARREN ROALFE

VICE-PRES

F. A. ROSSO, INC. NEW YORK, N. Y.

Dear Sir:

Your article on public speaking [BW-Oct.17'59,p173] was excellent and should be well received by your readers. However, one of the best methods of obtaining experience and training in public speaking was omitted-active participation in a toastmaster's club chartered through Toastmaster's International, Santa Ana, Calif...

DANIEL C. KING

TEMPORARILY EX-TOASTMASTER CAPT. USAF

WRIGHT-PATTERSON AF BASE, OHIO

CPAs vs. Lawvers

Dear Sir:

Your comments on the services of the CPA to the business community [BW-Sep.12'59,p161] are most welcome. But the remarks Attorney Lawrence J. Hayes made [BW-Oct.17'59,p6] are the result of a constant bickering between lawyers and accountants. This is a feud which is detrimental to the interests of business.

But Hayes is wrong if he maintains that CPAs are not permitted to try cases before the Tax Court. They are if they are admitted. In the second place the fact that tax cases come before appeal courts is not so beneficial as it may seem. Tax cases combine legal and economic facts and one is as essential as the other. For this reason I proposed in my book Saving Taxes Through Capital Gains that in addition to the Tax Court special courts of Tax Appeals be created and that, at the same time, a group of "Tax Counsellors" be set up to which lawyers and accountants can belong

Let the Man from the Northern Plains

CHART YOUR INDUSTRIAL FUTURE



after they have passed an examination. . . . It would stop the fight between lawyers and CPAs.

ARNO HERZBERG CERTIFIED PUBLIC ACCOUNTANT NEWARK, N. J.

Dear Sir:

I am neither an attorney nor a CPA—but I work with both for many of my clients.

As a neutral party I find the letter of Lawrence J. Hayes [BW—Oct.17'59,p6]... to be most offensive when he states "Indeed, there are some who suspect that because the accountant cannot take the case all the way ... there may be settlements made ... by the accountant to the disadvantage of the taxpayer. ..."

May I remind Hayes that there are probably more people who suspect that attorneys take cases to court in order to collect larger fees rather than maximize the benefit to their client.

If either situation is supported by fact—it is solely the conduct of a minority of CPAs or attorneys and I know that it is not sanctioned by either the American Bar Association or the American Institute of Certified Public Accountants.

ROBERT KAHN

BUSINESS COUNSELOR LAFAYETTE, CALIF.

Lower School Costs

Dear Sir:

Please refer to Washington Outlook [BW—Oct.24'59,p42].

I have a special interest in the comment "It notes a 20% decline in dollar volume of school bonds marketed during the past 12 months, indicating a future decline in school construction while the school-age population continues to increase."

The lower volume of school bonds does not necessarily prove a decline in school construction. It could be that other governmental units have done the same as our small town, Kingston, Mass.

An addition to our elementary school was originally proposed to cost an estimated \$415,000, but this proposal was defeated in town meeting. A year later a second proposal to cost an estimated \$380,000 was approved and a committee was appointed to work with an architect. The plans so designed eventually carried an estimate of \$277,000 and those plans were approved. Just to complete the story, as we near completion of our work, the cost will run close to an actual figure of \$260,000. . . .

We have achieved a lower cost and consequently a lower bond issue while acquiring the same number of class rooms. We hope other communities have done the same. If they have not, they should.

PAUL G. ARMOR KINGSTON, MASS.

Data on Aluminum

Dear Sir:

... For the past few years I've wondered why the yellow front sheet Figures of the Week did not include aluminum next to steel and copper.

Many of us who read . . . BUSINESS WEEK need to know the price trend of aluminum vs. copper and steel.

... Would you consider its addition? Thanks.

RALPH R. BLANCHARD JACKSON, MICH.

 Thanks for the suggestion, Reader Blanchard. Other readers, too, have expressed interest in aluminum price trends. So starting this week, we are listing two aluminum prices on the Figures of the Week page. We believe that these additions will supply the information our readers are seeking.

Wrong Interpretation

Dear Sir:

Under the heading Insurance Flourishes in the South [BW—Oct. 3'59,p47] the following statement was made:

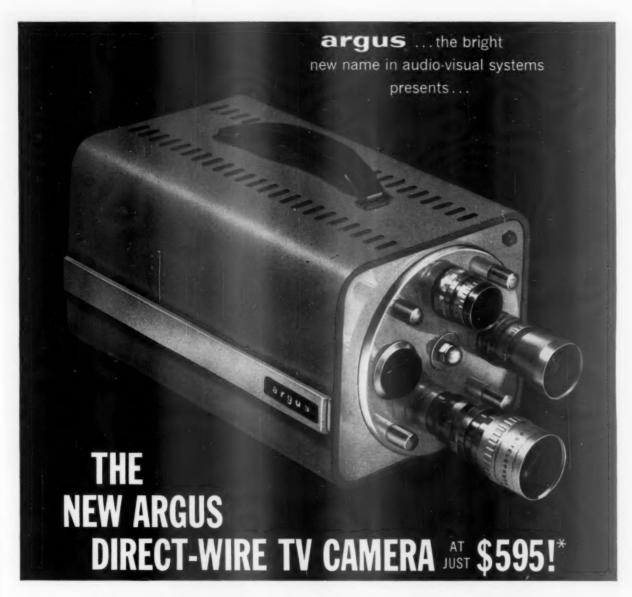
"For example, the Murchison brothers of Texas, haven for some of the Murchison family funds, recently acquired control of two life companies, Gulf Life Insurance Company in Jacksonville, and after a long court fight, Life & Casualty Insurance Company in Nashville."

The latter part of this statement, namely, "after a long court fight, Life & Casualty Insurance Company in Nashville" is misleading completely, in our opinion. The court fight was not over the Murchisons' buying working control of the company by any manner of means. . . . Actually there was no court

fight, but a necessary court interpretation of a trust fund in which some of the stock was held to ascertain if the stock could be sold under any circumstances. This was only a part of the block sold, namely, that held by the Mountcastle trust . . .

GUILFORD DUDLEY, JR.

PRESIDENT
LIFE & CASUALTY INSURANCE CO.
NASHVILLE, TENN



Argus Direct-Wire TV is the first closed-circuit TV system ever developed for mass production and mass use. It's yours for ½ the cost of other systems!

No installation . . . set it up anywhere—Argus Direct-Wire TV weighs only 16 pounds, mounts on a standard tripod indoors or out. Normal room illumination is all you need for a sharp, steady picture.

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Direct hook-up to any TV receiver—Argus Direct-Wire TV transmits over standard co-ax cable, which connects directly to the antenna connection of any standard TV set. Transmits a perfect picture up to 1000 cable feet without boosters, With boosters, the range is unlimited.

Built-in flexibility . . . three-lens turret—Argus Direct-Wire TV feeds any number of receivers under the same conditions mentioned above. Up to five cameras can be used with one receiver, each with its own channel. *Standard equipment: three-lens turret mount and one 1-inch, f:1.9 lens. Argus Telephoto and Wide-angle lenses, shown above, are available as accessories.

Exclusive Argus features — • Matching, companion Argus TV receivers and monitors are available from \$179.95. • Can be serviced by any Radio-TV repairman. • All parts are standard TV parts. You can own a complete, balanced Argus Direct-Wire System for less than the cost of a competitive camera alone.

argus	Audio-Visual Systems Department, Building
Division of Sylvani	a Electric Products, Inc., Ann Arbor, Michigan
I'd like more inform	nation on Argus Direct-Wire TV.
	mu.
Name	Title
	Title



Discover the difference in Sylvania ...



Sylvania Light Buibs for every socket in the home provide the same benefits enjoyed by American industry.



Sylvania Silver White Mercury Lamps give you up to 16% more light than other types. From America's fastest growing automobile manufacturer

"We keep Rambler production rolling at low cost with Sylvania fluorescent plant lighting"

E. W. Bernitt, Vice President, Automotive Operations American Motors Corp.

Sylvania fluorescent lighting is an important tool on the Rambler production lines of American Motors Corporation. Sylvania provides unsurpassed lighting for thousands of precision manufacturing steps. And it cuts operating costs because Sylvania gives more light per dollar than conventional fluorescent lamps.

Actual tests show that standard 40-watt Cool White Sylvania fluorescents, sold at regular prices, give 7% more light than other standard fluorescents. They last longer and deliver more brightness over lamp life than other brands.

Make your own test! If you don't agree that Sylvania fluorescent lamps

give better performance, appearance, brightness and lamp life than any other brand, return them to your supplier for a full refund. They're guaranteed by Sylvania's exclusive Light Insurance Policy.

For a sample copy of the Sylvania Light Insurance policy, write to:

SYLVANIA LIGHTING PRODUCTS

Dept. 9L-1411,60 Boston St., Salem, Mass. In Canada: Sylvania Electric (Canada) Ltd. P. O. Box 1190, Station "O," Montreal 9

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Sylvania Fluorescent lamps maintain more than 7% greater output throughout useful lamp life.



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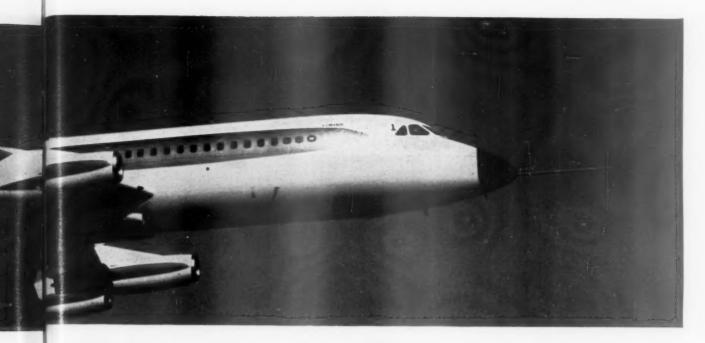
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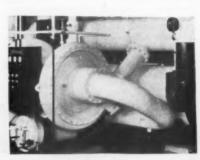


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Other applications for Dow chelating agents range from agriculture to metal cleaning, from leather to paint. Dow is continually working in developmental areas to provide a wider range of specialized chelating agents for many different applications.

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Creative chemical research at Dow is playing an increasingly important role in automotive design and engineering.

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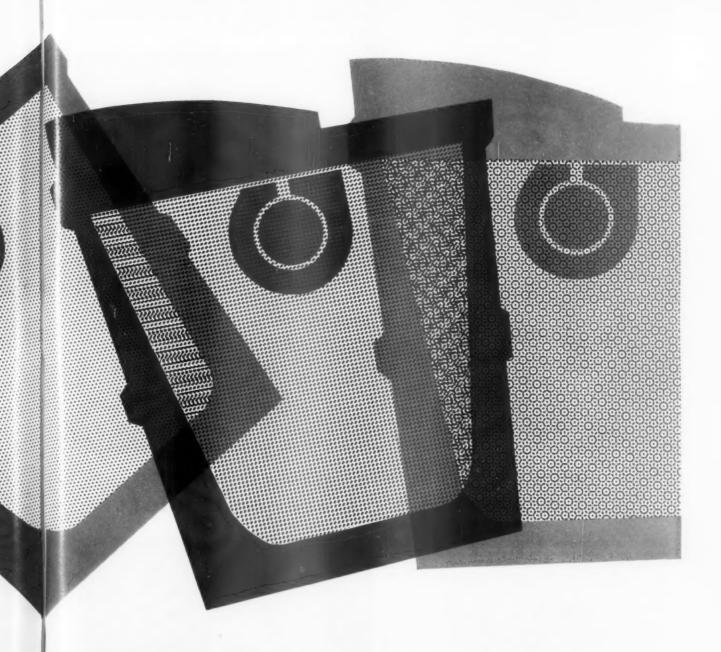
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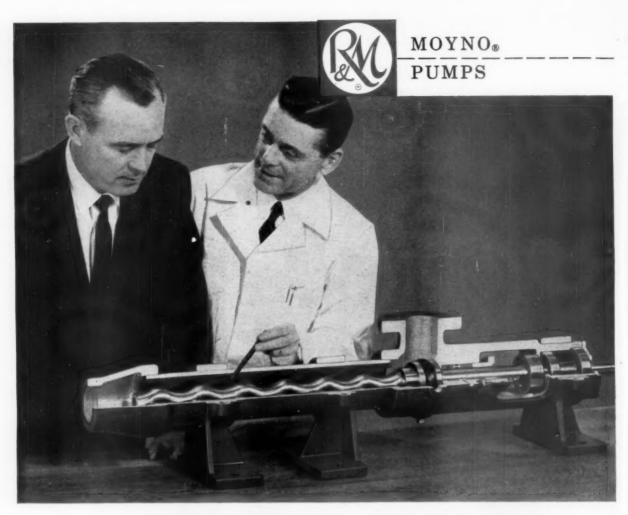
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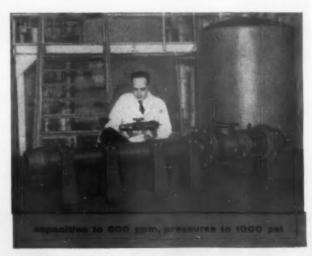


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BUSINESS OUTLOOK

BUSINESS WEEK NOV. 7, 1959



Lost jobs, lost output, lost sales. That, theoretically, is the unhappy sequence always threatened by a big strike.

The fact is that such a downward spiral never has been touched off by any postwar strike. Rather the reverse: lost output, true—but then scarcities, frustrated customers, and greater demand than ever.

Nevertheless, no other postwar strike has put us to the test this one has.

Clearly we face another period of inventory building in the wake of the steel strike. With that should come record employment, record income for consumers. This would add up to another boom.

And here's good cause to be hopeful: Retail sales are holding up well, and Yule prospects are bright (page 34).

Worries, to the extent that real worries exist, concern autos and appliances. This is a double-barreled thing:

- Output cuts due to steel shortages becloud sales prospects.
- Workers' incomes are impaired by these layoffs (and, equally important, the same workers are pretty much ruled out as installment buyers).

Detroit found viewers' initial response to the 1960 cars highly gratifying. Presumably this will carry forward even if cars get scarce.

But the auto people aren't anxious to go on any such presumption.

They wanted to turn out the cars now and test their market thoroughly. Then they would have been able to set up output schedules for 1960. But, as things are, they're faced with rebuilding dealers' stocks (once they get the steel) without knowing how many cars dealers will need.

Auto production in October barely pushed above the 500,000 mark, nearly 150,000 short of what the industry was shooting for.

Meanwhile, the trade is estimating that dealers sold some 550,000 U.S.-built cars last month. Even if the sales estimates are optimistic, there was nothing put into dealers' stocks last month.

Now sales unquestionably are topping the reduced rate of output.

Production of cars from the start of the new-model run through Nov. 1 amounted to just about 775,000.

Of these, nearly 165,000 were "compact" cars of the five makes. Chevrolet had counted 43,000 Corvairs, Ford had turned out some 30,000 Falcons, and Plymouth's Valiants had just begun to come off the line.

These totals, obviously, hadn't begun to test buyers' appetites.

American Motors and Studebaker-Packard, for their part, are showing no fear of the "compact" rivals turned out by the Big Three. American not only had built 59,000 of its 1960 cars up to Nov. 1; it also was pushing Olds and Pontiac for third place (and doubtless will pass them this week as their production has just about stopped).

Studebaker-Packard so far has turned out more than 30,000 which puts the company in ninth place for the model run to date.

Keep an eye on new orders for machinery and equipment.

Industry's plans for such spending had consistently been outpacing

BUSINESS OUTLOOK (Continued)

BUSINESS WEEK NOV. 7, 1959

advance estimates before the steel strike. However there has been some uncertainty about placing orders since the strike began.

This probably meant only that producers couldn't give firm delivery promises under the circumstances.

Even when steel starts to flow more or less normally, there probably will be some bottlenecks for machinery and parts producers.

This undoubtedly will continue to mess up delivery schedules.

However, the extent to which orders pick up will be an important factor in the 1960 outlook. If bookings come back smartly in the next few months, an active year in heavy equipment will be a certainty.

Reports now at hand indicate that August may have been the only really slack month for new equipment orders.

Machine tool builders reported a dip in August orders but experienced a pretty convincing snapback in September. The Material Handling Institute reports that its members' orders fell to an index of 87 in August (with the 1954 average equaling 100), the lowest for the last year and the second poorest since 1953, although September bookings have not yet been compiled.

September showed general improvement over August in the machinery orders compiled by McGraw-Hill's Dept. of Economics.

The index for all types of equipment other than electrical (the 1950 average equaling 100) comes out to 182 on the basis of preliminary reports. This compares with a revised index of 159 for August and the recovery high of 193 in July.

Most types of machinery shared in the comeback (page 2).

Railways were rather niggardly buyers of freight cars during September (though orders in this field often bunch up, and a lean month isn't necessarily too significant).

Orders for only 945 freight cars during September were counted by the American Railway Car Institute. That was down from 1,753 in August.

Contract awards for industrial structures continue to show businessmen in a spending mood—though perhaps a little less determined about it than earlier in the year.

October awards for industrial building topped the year-earlier level by 30%, according to McGraw-Hill's Engineering News-Record. The gain earlier in the year, however, had run well over 60%.

Public construction now is falling behind after providing a backstop for business through the recession and early stages of the recovery.

Engineering News-Record reports October awards for public works were 31% below a year ago. The year to date is lagging by 13%. The principal drop has been in highway lettings although public housing also is running sharply behind last year.





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Steel Faces an Unsure Future

Whatever the outcome of moves to end the strike, there will be new pressures from government, the public, and labor.

Said a steel company official this week: "No matter what happens now, we're not going to be able to operate in 1960 the way we did before. Frankly, I'm worried."

That remark, coming in the midst of legal moves to reopen closed mills, typified a growing realization in Washington at midweek: Even a quick return of half a million workers to steel mills will not end the scrious problems caused by the industry's longest strike. Many in steel management—and labor—foresee substantial and by no means happy changes ahead in the industry as a result of the 1959 walkout.

• Study and Talk—Meanwhile, the immediate future of steel operations remained in doubt at midweek, on three separate fronts:

Courts: The U.S. Supreme Court was still studying its decision on the legality of the Taft-Hartley national emergency strike procedure and the propriety of using it in the steel shutdown.

Bargaining: Just three blocks from the White House, the Administration's chief mediator, Joseph F. Finnegan, and a committee of top aides kept industry and union negotiators discussing contract terms. The talks were not so pointless as they appeared. They concentrated on the cost of a number of pension and insurance program changes sought by the United Steelworkers—and of variations offered by the companies. If this issue can be compromised—in a "non-inflationary" cost framework the industry will accept—only the single, critical issue of work practices will be left.

Nobody is talking—yet—on how to reconcile the bitterly opposed positions on work practices. But mediators, and even the parties, say the issues must be reconciled eventually by give and take; outright capitulation by industry or union is highly improbable.

Unemployment: In another move, Labor Secy, James P. Mitchell announced that a "further very sharp



MEDIATOR Joseph F. Finnegan tried to reconcile bargainers while courts mull.

rise" in industrial layoffs can be expected "even after steel production is resumed," because serious steel shortages will continue several weeks beyond the strike.

Mitchell reported that secondary layoffs (those outside the struck steel companies) climbed to 337,000 by Oct. 21,
and that "sharper" layoffs occurred
after that, mostly in the auto industry.

· Long-Run Woes-But even when

the eventual settlement comes, even if it's before yearend, signed contracts and friendly handshakes can hardly stave off the long-term problems caused by the 16-week strike. These could include:

• Strong public pressure for changes in the federal labor law, particularly to limit industrywide strikes that can hurt the national economy. This could lead to serious proposals for some form of arbitration of labor disputes in basic industries—something neither employers nor unions want.

 Closer federal scrutiny of all steel industry decisions bearing on costs, prices, and profits.

 Troubled steel industrial relations caused by a more militant union rank and file.

• Possible Measures—Steel management and labor are well aware that they may lose some independence in bargaining as an aftermath of the shutdown. This is a disturbing prospect for both.

Sen. John F. Kennedy (D-Mass.) and others on Capitol Hill are already considering measures to bar further industrywide tests of labor-management power (BW-Oct.31'59,p105). Their target isn't just the union. There is a growing inclination, not limited to the Democrats, to blame the industry, too.

Since 1960 is an important national election year, politics will enter into consideration of what, if anything, should be done to curb strikes in basic industries. If there is legislation, almost certainly it will be aimed against employers as well as the union.

Monopoly Count?—At the same time, solid front in negotiations this year has attracted the intent interest of Congressional advocates of curbs on "monopolistic" practices. A week or so ago, Sen. Estes Kefauver (D-Tenn.), already watched warily by the steel industry because of his antitrust ideas, called in Edgar Kaiser of the Kaiser Steel Corp. He said he wanted to find out whether pressure was brought on Kaiser by other members of the industry to prevent his signing an agreement with the steelworkers. Kaiser replied, firmly: "Absolutely not."

Reportedly, Sen Kefauver is far from sure that the steel industry's negotiating tactics this year are not "monopolistic"—in spirit if not by law.

• Widespread Inquiry—However, steelmakers are apparently worried even more over the possibility—some say probability—that the scrutiny will not be limited to the industry's negotiations with the United Steel Workers. Talk is now being heard of an investigation of common ownership of steel mills and coal or ore mines, of rate differentials between mills, or pricing policies generally, and of discount rates and other factors that can affect steel prices.

• Philosophical Fight—The United Steelworkers union itself poses another problem for the industry. Without a doubt, it is undergoing significant internal changes—primarily psychological. Its rank and file are fighting less for economic gains than against contract changes—that is, on an issue that is more philosophic than monetary.



JUSTICE FRANKFURTER: "I cannot think of anything that makes less judicial appeal than to ask judges to speculate when and how a strike dispute can be settled."



JUSTICE BLACK: "If national health or safety are as broadly defined as the government wants, can a court ever deny the government a Taft-Hartley injunction?"



JUSTICE WHITTAKER: "Mr. Goldberg, if you concede that 'national safety' refers to the security of the country and not to the safety of individuals, can you seriously argue that 'national health' means only the health of individual citizens?"

Steel Gets

At 11:05 a.m. EST on Tuesday, after the traditional cry of "oyez, oyez, oyez," the nine members of the United States Supreme Court in their black robes sat to hear the final legal arguments on an injunction. The historic battle over the use of the Taft-Hartley law's "national emergency" provisions to end the nationwide steel strike had come to its climas.

The court met under extraordinary circumstances. The justices were to hear nothing about wages, fringe benefits, or local work rules—the issues that dominate at the bargaining table. Rather, they were to hear finely honed debate on just what Congress meant when it provided for 80-day injunctions in the Taft-Hartley law, and to rule for the first time on whether such injunctions are constitutional.

• Suspended Action—The court listened to almost four hours of argument. Then it adjourned to consider the legal issues raised by the unions' attorney, Arthur J. Goldberg. Until that decision, the back-to-work order requested by Pres. Eisenhower on Oct. 19 and granted by a federal district court on Oct. 21 is without legal effect.

The issues:

 Whether the steel strike actually imperils the "national health or safety" within the meaning of the Taft-Hartley law.

 Whether the lower courts have discretion to grant or deny an 80-day injunction and, if so, whether they abused that discretion in the steel case.

 Whether the Taft-Hartley provision authorizing federal courts to issue such injunctions is, indeed, unconstitutional.

Present in the courtroom were the attorneys for the parties—the union, the federal government, and the steel companies—and an overflow crowd. Behind the participating lawyers sat row after row of other members of the Supreme Court bar, law professors, and private attorneys.

Farther back in the velvet-draped courtroom, tourists and visitors filled every available seat, and crowds waited outside for an opportunity to enter. In the third row of the public section, easily identifiable by his silver-gray hair, sat David J. McDonald, president of the striking steelworkers union.

I. Line of Questioning

It is always dangerous to read too much significance into the nature of questioning during Supreme Court arguments. Questions by justices are often regarded as a clue as to how the court

Its Day in the Supreme Court

will rule on a case, but they rarely turn out that way. For what it's worth as a hint, the court seemed most concerned about whether the strike imperils na-

tional health or safety.

For the union, Goldberg's basic argument is that the government has failed to establish that the steel strike imperils either national health or safety. There is enough steel in the country for such needs even if the strike continues to the end of the year, he said.

Mills in operation-now including the Kaiser Steel Co. plants-are capable of producing 25-million tons a year, he said. Production in the first nine months of 1959, he said, was almost 72.5-million tons-very close to the 85.2-million tons produced in all of last year.

Justice William O. Douglas, asking the first question of the day, wanted to know the relevance of those figures. Goldberg replied: "To show whether we have enough steel to supply health and

safety need.'

· What's Health?-Goldberg said the union does not agree with the government and the lower courts that "national health" means economic health or the well-being of the nation.

"This idea permeates the govern-ment's case," he said, "and to expand 'health' in this way runs contrary to the whole legislative history of this law."

At this point, Justice John Marshall Harlan and Justice Douglas interrupted Goldberg for clarification of how he interprets the phase "national health." Harlan asked if he was saving that "health" means the health of individual citizens rather than the general eco-nomic health. Goldberg said he meant "the health of the citizens." Justice Douglas added, "You mean individual health, not general health?'

Goldberg replied: "Precisely. This phrase relates to the physical health of the American people, to things like heat

Justice Tom Clark quickly asked if Goldberg wasn't saving that the Taft-Hartley injunction language could not possibly reach a steel strike? Goldberg answered: "'Possibly' is too large a word. It might reach steel. We say it does not reach it in this case, though."

· What's Safety?-Justice Charles E. Whittaker then anticipated Goldberg in asking, "Well, do you contend that 'national safety' means individual safety?" Goldberg said he agreed that national safety meant the safety of the country and dealt with the defense and security of the country

Whittaker pressed his point: "But you say 'national health' means indivi-dual, not national, health?" Goldberg summed up his position by replying: "No, it means national physical health. The key is 'physical.'"

Goldberg challenged the lower court findings that the strike imperils national safety. He agreed first that there is no peril to safety and then that, even if the government proves peril exists, the peril results from a shutdown of only a "minute part of the industry." This does not support use of an industrywide injunction under the law, Goldberg contended.

Justice Felix Frankfurter asked: "Do you deny that a small percentage shutdown of the industry imperils safety?

Goldberg replied: "I do. I have a double-barreled argument. I also say even if it does [imperil safety], the court has no jurisdiction to enjoin such a small shutdown, because the law also reguires that a strike must affect a substantial part of an entire industry.

· National Defense-"And what are the defense needs?" Goldberg asked. "Less than 1% of the finished steel produced in the U.S." He also stated that defense needs have not topped 700,000 tons of steel in any recent year.

Justice Frankfurter wanted to know at this point if the record in the trial court contains anything to show what defense orders are being filled by plants now operating. Goldberg said that there was no such evidence in the records, that attempts by the union to find out had been unsuccessful.

Frankfurter and Goldberg clashed briefly on another question-whether a judge has discretion in issuing a Taft-Hartley injunction. Frankfurter asked Goldberg to list the things he thought "should go through a judge's head in making such a decision.

Goldberg started by saying, "Well, first he should consider whether a settlement would be enhanced by granting the injunction. .. " Frankfurter said this consideration would have to be "shot

full of speculation.'

The idea that judges should consider the effect of an injunction before granting it had been the basis for the lone dissent by Judge William H. Hastie in the Third Circuit Court of Appeals. But Frankfurter told Goldberg: "I cannot think of anything that makes less judicial appeal than to ask judges to speculate when, where, and how a strike dispute can be settled.

• Constitutional?-Goldberg devoted only about 20 minutes of his time to his constitutional argument. As a rule, the Supreme Court seeks to avoid deciding important constitutional questions if it can dispose of a case on any other grounds.

Goldberg's constitutional argument is technical. He argued that the Taft-Hartley 80-day injunction provision makes the courts "part of an administrative process to settle strikes-and that is not a judicial function of the constitutional courts." Congress did not, the attorney for the union charged, cast a vote on the "politically unpopular decision to make it an obligation on the part of the union not to



ARTHUR J. GOLDBERG: "The government has not met the standard of proof of peril required, and no union should have to terminate a strike on the basis of such fragmentary evidence of peril."



J. LEE RANKIN: "The President and the lower courts agree that the country urgently needs an end to the strike, and the courts have no choice, on the facts in this case, but to enjoin the strike."

strike-Congress passed the buck to the courts.

Frankfurter commented that he could not see any difference between court review of the opinion of the President and his Cabinet and court review of the opinions by the regulatory agencies in enforcing their laws.

Goldberg argued the difference was that, under the Taft-Hartley law, once the President expressed his opinion, it was the courts that issued the injunction. "If it was justified," Frankfurter amended.

II. Government's Side

Solicitor General J. Lee Rankin argued like a man who knows the government has already won every other attempt to obtain Taft-Hartley injunction orders in the federal courts. He rested the government's case largely on the ground that it had satisfied the lower courts that the strike was a peril to national health or safety.

Rankin said that "Taft-Hartley did have a purpose. It was conceived by a Congress bedeviled by labor disputes. As to its meaning and what Congress wanted to do, we have to approach it in light of that situation-not from the company side or the union side.'

· Health and Safety-Rankin then recalled the wave of postwar strikes. He said the Taft-Hartley national emergency provisions were a "very careful" drafting of Congressional intent to limit the injunctions to strikes or lockouts that would jeopardize the public. He said it is "impossible to understand"as Goldberg had argued, in effect-"how Congress can have conveived that 'safety' means national safety 'health' means individual health.

Under questioning from Justices Douglas and William J. Brennan, Rankin argued that national health "is much more than the health of individuals." But he conceded that Congress did distinguish between "health" and

Justice Brennan asked Rankin if an injunction might be possible even though the government could not prove any peril to national health. Rankin quickly said: "Oh, yes. Peril to either one is enough under the law. If we are right here on safety-that it is imperiled-we do not need to reach the more difficult 'health' standard.'

Frankfurter asked Rankin if, in asking for the injunction, the government had shown specifically what steel was

needed for defense projects.

Rankin replied that the government had not shown what specific plants were involved. But, he said, the government affidavits left "no question" that steel needed for certain products was not available from plants still in operation.

· Defense Needs-Rankin argued that the government could not rely on nonstruck plants for all its defense needs. "There are so many shapes, sizes, and qualities of steel," he said, "that to assume a plant or warehouse has an item needed for defense just because it has a certain capacity or inventory is an impossible assumption."

Justice Frankfurter pressed again, asking, "You are unqualified in saying that no open plant is qualified to meet these needs that your case rest on?" Rankin replied: "Yes, if you add beyond the needs already being supplied."

· Room for Judgment-Justice Harlan then asked Rankin if the government's case rested entirely on defense needs. Rankin said, "We think if defense is imperiled, 'safety' means at the very least that much.

Brennan remarked that there appears, then, to be no basis on which the Supreme Court can deal with that issue except on the basis of defense needs.

"I suppose so," Rankin replied. "Our general position is that if health or safety is imperiled, the injunction should issue-unless there is something that is so overwhelming as to justify overturning it. I cannot conceive of

any, however."

This brought a quick flurry of questions. Brennan asked: "Are there any conceivable?" Rankin repeated that he hadn't thought of any. Then Brennan said: "Doesn't that raise constitutional questions for a court? If you concede that, though a strike imperils health or safety, there is discretion left, what is Rankin refused to budge from his position that, while the government thought there was an element of discretion involved in granting an injunction, there was nothing in the legislative history of the act or in the minds of the government attorneys to suggest how broad that discretion was.

The matter was dropped there, and it remains for the court's decision to show whether this developed a serious flaw in the government's case-or whether the justices just wanted to rib Rankin because he would not concede a point that might or might not turn out crucial in their decision.

· Brushing on Issue-Rankin made only brief reply to the union's constitutional argument. He said the government "does not think this a serious one." All the elements of judicial action are present, he said, when a court is asked to grant an 80-day injunc-

To Rankin the issue is "whether the country is imperiled-a factual question comparable to those which courts are regularly asked to deal with under

the antitrust laws, among others."
He concluded: "We think there is nothing to the constitutional argument.'

Quiz Probe

Scandals may bring federal licensing of networks, more scrutiny of program content, and a new drive against misleading commercials.

The television quiz scandals began by uncovering what one network executive described as an unsavory bit of programing "hanky-panky." This week, they broadened into an uproar with far wider repercussions for busi-

· Sponsors and advertising agencies were implicated almost as deeply as producers and contestants. A House subcommittee heard testimony that officials of Revlon, Inc., sponsor of the \$64,000 Question and \$64,000 Challenge, were "fully aware" the shows were fixed-though both Pres. Charles Revson and his brother Martin de-

• The Federal Trade Commission expanded its monitoring of commercials -in a possible precursor of much stricter

government controls.

These events followed the sensational confession of Charles Van Doren (picture) that his winning of \$129,000 on Twenty-One had been rigged from start to finish-and that he lied about it to a New York grand jury. In sum, the revelations added fuel to a fire that has alarmed the entire TV industry, with its \$1.5-billion in annual advertising

· Self-Study-Already the industry is looking seriously into its own practices. And the government-through FTC, the Justice Dept., and House investi-gators, will undoubtedly dig deeper. Rep. Chester Bowles (D-Conn.), once a top advertising man himself, has even asked for a study of TV by a U.S. version of Britain's royal commissions.

The prime target is the network system, whose power over all broadcasting has been questioned time and again. But nothing much more than recommendations has come out of any probe of the system since 1941, when the Chain Broadcasting Rules were established. It's too soon to say whether this time is an exception. But you can expect these additional developments:

· Serious consideration of federal legislation to require direct licensing of all three networks through the Federal Communications Commission. At present, stations but not networks need a

license to operate.

· Greater network scrutiny and control of programs-whether the shows are owned by the nets themselves, by independent producers, or by sponsors.

May Change TV

• Stepped-up efforts by the industry, through its Television Code Review Board, to eliminate false and misleading advertising. The Justice Dept. is inquiring about the same subject.

 And—possibly—long-run changes in the relationship between advertisers

and programs.

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• Clean Sweep—The upshot of all this could well be a major housecleaning, though not everyone involved agrees that drastic action is needed. The attitude of viewers toward TV as a whole had been affected surprisingly little by the quiz blowup, acording to a survey taken before the Van Doren confessional for the industry magazine Broad-

casting.

Still, a number of industry leaders have admitted that a cleanup has long been needed. Dr. Frank Stanton, president of Columbia Broadcasting System, was one of the first when he told the Radio Television News Directors Assn. in New Orleans: "Broadcasting has lost a degree of public trust and confidence so essential to its effective performance." He then announced immediate changes in CBS programing (and, for his efforts, was criticized caustically by his top newscaster, Edward R. Murrow). Stanton went so far as to include the elimination of such little deceptions as canned laughter.

• Not All Agree—Some think Stanton went overboard. Others in general agreement with him warn against too drastic action. Norman E. Cash, president of the industry's Television Bureau of Advertising, told business week: "Let's face it—the industry came up with egg on its face in this one." But he went on: "This thing can be distorted out of all proportion. Does it mean that every time Santa Claus appears on the screen he must say 'Now look, kids, I'm not for real'?"

Most TV officials don't want public arguments at this stage. Some, though, like Stanton, consider the issues serious. Donald H. McGannon, president of Westinghouse Broadcasting Co. and chairman of the TV code board, this week said, "There is more to television than the quiz format," but added: "The issue is the integrity of an industry. If you lose that, it is the first of

many losses."

Of all the possible consequences of of the uproar, two things worry the industry most: (1) the threat of more federal control and (2) the effect on TV as an advertising medium.

I. The Federal Hand

When Congress passed the Federal Communications Act, it established the principle that the airwaves belong to the public. It gave FCC licensing power to rule on a station's right to broadcast—a power that does not apply to networks. Networks are considered programing and advertising services for the stations, which receive pay from the nets for time devoted to national programs. The networks come under FCC control only as owners of a few TV and radio outlets.

In 1957, a far-reaching study of the TV setup was made by a group under Roscoe L. Barrow of the University of Cincinnati (BW—Oct.12'57,p113). The Barrow report recommended, among other things, two major changes: (1) making networks subject to FCC and (2) prohibiting "option time" practices, by which network affiliates turn over key hours for network programing. The FCC has done nothing about either suggestion.

Opponents of the network system argue that the nets, with their control over programing and the best viewing hours of the day, constitute a monopoly that ought to be licensed like any other

public utility

• Controls Probable—Although CBS' Stanton, for one, is dead set against direct FCC licensing, he did admit in his New Orleans speech that the public rightly holds the networks—not just licensed stations—responsible for the content of national programs. His solution is greater self-control by the nets. Privately, though, some industry leaders concede that FCC controls are very likely—even though FCC isn't asking for the job.

II. Impact on Programs

Even should FCC reluctantly get licensing powers over networks, there's little chance the change would bring a new era to TV programing. Stations are now licensed, but their programsgood, bad, or indifferent-operate without regulation by any government agency. Federal law is fuzzy on program content. In 1953, when FCC tried to prohibit giveaway shows, it was overruled by the courts. FCC Chmn. John Doerfer has testified that the commission thinks it has no control at all. The agency did call CBS' attention to charges that Dotto, a quiz show, was rigged, and CBS dropped the program. But with later quizzes, FCC accepted the networks' word that shows had been investigated and found honest. · Who's in Charge?-So any changes in program content must come from the industry itself. Everybody in TV, naturally, is in favor of better program-

ing. But achieving it is a complex



REVELATIONS of Charles Van Doren were high point of the House hearings.

business. In the first place, shows can be owned and produced by the networks, by independent producers, by advertisers themselves, or sometimes by a mixture of all three. This clouds the question of who controls content.

Of course, the networks already have considerable say over what they transmit—and they will undoubtedly exercise more. Stanton says: "We propose to be certain in the future that it is we and we alone who decide, not only what is to appear on the CBS Television Network, but how it is to ap-

pear."

Still, it's naive to think advertisers won't always exert some control over programs. On the other hand, if an advertiser does not appear actually on the show, he can only affect content from week to week by, as one ad agency executive put it, "persuasion." Of course, he can stop sponsoring the show, but he's usually frozen in by contract for at least 13 weeks.

Independents—The independent producers, for their part, must come up with products they can sell to networks or advertisers if they are to stay in business. Since many of the TV quiz shows started out as independent properties, these operators have been generously

criticized.

But the networks don't want to climinate the independents, who produce 50% or more of network programs. The independents have tied up a lot of scarce and expensive top talent, for one thing. For another, widespread competition in programing gives each network and each advertiser a better crack at available abilities. Finally, networks fear monopoly charges if they should

deny airtime to programs other than their own.

• Magazines of the Air—Some critics say advertisers should have no voice whatever in program content. This suggestion has been made by, among others, Philip Cortney, head of Coty, Inc., a competitor of Revlon. The alternate proposal is magazine-type programing, with advertisers buying segments of time between programs, as is now often done with newscasts.

Actually, more and more advertisers are buying "insertions" on several programs, such as Garroway's Today and

the Jack Parr show.

• Rival Programs—Even if the magazine idea becomes widespread, it's doubtful that advertisers would stand aside completely from programing. Any network program—and the commercials it carries—is likely to be competing with a program on each of the other two networks for an audience. The advertiser is intensely concerned with sponsoring a program that will win viewers away from rival shows, so as to get the most for his money. The only way to tell how well he is doing is through rating services.

Despite the difficulties, there are broad hints of change. Stanton, the one TV official to stick his neck far out, has said: "We are taking a fresh, hard look at our basic operational theories and practices as they affect the whole pattern of what appears on

CBS."

III. Cleaning Up Commercials

With commercials, by contrast with program content, the responsibility is clear-cut: Advertisers and agencies have almost complete control. By custom and law, commercials can be criticized much more effectively than programs. It's natural, if not particularly logical, that results of the quiz scandals may show up in this area first.

All parties doubt that the furor will have any effect on TV's stature as an advertising medium. Nonetheless, FTC is increasing its monitoring of TV commercials, including round-the-clock checks of all network ads and steppedup scrutiny of ads on local stations. Since 1956, FTC monitoring has resulted in charges of false advertising in connection with eight commercials.

The Justice Dept. is interested in the scandals, too, and it is reportedly concentrating on commercials. Inside the TV industry, stronger attempts to outlaw misleading ads are also coming. The TV Code Review Board meets Nov. 16 to weigh specific charges.

One thing the whole industry agrees on: The new Television Information Office, designed to create a better public image of the industry, certainly has its work cut out.



EASTERN'S TERMINAL has seven of these flight information boards, monitored by closed-



FOUR-ACRE SPACE assures plenty of elbow room. Eastern operates 104 flights a day from the terminal.

ELECTRONIC reservation system (right) shows clerk in an instant how much space is available on Eastern flights anywhere.



circuit TV. Board can list 40 flights.

by closed-

New Terminals Help Lines Catch Up With Jet Age

Few things in the jet age are more embarrassing to airlines than the inefficient, often shabby, terminals through which their passengers must pass. All too often a planeload of customers is whisked from one city to another at half the speed of the turning earth, with all the little touches of luxury that the line can contrive—only to be dumped in a terminal built to accommodate the traffic of 10 or 20 years ago.

Both in arrivals and departures, travelers are forced to stand in line, to be herded around like subway crowds, to wrangle over baggage. They and their relatives and friends, greeting them or seeing them off, are baffled by inaccessibility or inaccuracy of flight information.

To remedy all this, airlines and airport management are pressing a rebuilding program. As new buildings are put up, the lines lose no time in moving in behind the workmen.

• Terminal City—One of the biggest programs is the \$150-million Terminal City at Idlewild, New York's international airport (pictures). Last week, Eastern Air Lines moved into "the largest passenger building for use of a single airline anywhere," even though some details were unfinished. A week

earlier, United Air Lines moved into its crescent-shaped building although its Jetway—a telescoping passenger gangway—wasn't yet ready to operate. Idlewild has long been inadequate

Idlewild has long been inadequate for its traffic load, and the new buildings, with their space and efficiency, were desperately needed. Eastern boasts that its new terminal has twice the floor space of the entire, relatively modern Newark Airport terminal. It estimates its new building will accommodate 2.3-million passengers and visitors next year, and eventually as many as 6-million.

• Latest Features—Eastern's terminal features the separation of inbound and outbound passengers at two levels, with "downhill flow" ramps leading people down from the mezzanine to planes, waiting rooms, and restaurants. Seven electronic announcement boards, monitored by closed-circuit TV, keep flight information up to date.

United is speeding baggage-handling (below) by a moving conveyor, from which passengers can help themselves. This is also used for loading.

Eastern's terminal cost \$20-million, United's \$14.5-million. Airlines, striving to get out of their jet age embarrassment, say the price is cheap.





UNITED'S TERMINAL is equipped with conveyor belt that brings baggage to passengers, who claim their own luggage. Eastern retains the older system of distributing bags at claim counters.





ROBERT B. ANDERSON, Secretary of the Treasury, leads the Administration's drive to close the U.S. payments gap and strengthen the dollar—by cutting down on government spending abroad.

Payments Problem Produces

The Administration now has a head of steam behind its efforts to cut the deficit in the U.S. balance of payments and thus check the disturbing drain suffered by the Treasury's gold reserves over the past two years.

In the process, top officials aren't hesitating to make some important—and controversial—revisions in the foreign economic policy this country has followed since the Marshall Plan was launched 12 years ago.

The main policy revisions affect forcign economic aid and military spending abroad. The idea in both cases is to cut our dollar transfers to foreign countries. But, in addition, Washington is demanding—and getting—a better break in foreign markets for U.S. exports. In this case, the goal is to increase our foreign earnings.

In combination, these moves are intended to produce an appreciable reduction in the large gap shown in the chart above between our total international payments and our total international receipts. Last year, this gap was \$3.4-billion; this year it's likely to be \$4-billion.

• The Problem—It's not that the U.S. buys more goods and services commercially than we sell. The contrary is true. The trouble is that we no longer have a big enough trade surplus, as we once did, to cover the additional dollar payments that go to other nations via U.S. government aid programs, U.S. military spending abroad, and private foreign investment. Our shrinking surplus on goods and services simply is a reflection

of the fact that Western Europe and Japan are back on their feet, fully competitive with the U.S.—and thus don't need to have U.S. policies stacked in their favor as they did in the days of the dollar shortage.

The key changes in Administration policy are these:

Foreign economic aid will increasingly be tied to the purchase of U.S. goods. The principle already has been applied to future loan commitments of the Development Loan Fund. It almost certainly will be extended to some grants of the International Cooperation Administration. Despite some resistance from the State Dept., Treasury Secy. Anderson is insisting on the shift at ICA—and he has Pres. Eisenhower's support for the drive to trim government spending abroad.

Next year's foreign aid request to Congress will be scaled down-probably by \$500-million or more. The objective is partly psychological—to convince both Congress and foreign governments that the Administration is determined to reduce the payments deficit at all costs. Cutting aid appropriations also would contribute to a balanced budget, of course. And that, indirectly, would be an additional help in strengthening the dollar abroad.

Overseas military expenditures will be trimmed all along the line. At the same time, U. S. officials will try to persuade well-heeled allies such as West Germany and Britain to take on a bigger share of the common defense effort.

Pressure will be maintained on foreign

governments to end dollar discrimination—the special restrictions that many countries apply against U.S. exports. The U.S. made its case at last week's meeting in Tokyo of the General Agreement on Tariffs & Trade (GATT), and this week the British announced they were ending virtually all their discriminatory controls (page 143).

• Voluntary Controls—Although the Administration isn't thinking of any real shift on import policy, it is studying the possibility of at least reducing the pressure from low-wage imports (page 47) by extending to other countries—under GATT supervision—the system of voluntary export controls developed with Japan.

• Evaluation—In evaluating the meaning of these policy shifts, it is important to understand the objectives being sought by Anderson and his supporters in the Administration. They concede freely that, at the best, all of the proposed measures taken together won't come near solving the U. S. balance of payments problem—that, long run, this balance can be righted, and the strength of the dollar preserved, only by increasing the competitiveness of U.S. exports. Meanwhile, however, Anderson feels that it is vital to gain some time.

Although, until recently, the State Dept. has been reluctant to go along with Anderson, except in the fight against dollar discrimination, it now looks as though Under Secy. of State Dillon is partly sold on the Anderson approach. Both men fear a wave of Hawley-Smoot protectionism in this



DOUGLAS DILLON, Under Secretary of State, originally opposed new foreign aid policies, but now is moving closer to Anderson's position. Their stand is bound to lead to sharp political controversy.



SEN. WILLIAM FULBRIGHT, a strong supporter of development aid, questions the measures the Administration is taking. He is against restrictions on where U.S. aid funds should be spent.

U.S. Policy Shift

country unless something is done right away to reduce the payments deficit.

• Tied Loans—The new emphasis being stamped on U.S. foreign economic policy by Anderson is bound to lead to sharp political controversy in the months ahead. So far, argument centers on the policy of tying aid spending to dollar goods. Last week, Sen. William Fulbright (D-Ark.), chairman of the Senate Foreign Relations Committee, lead off for the opposition by demanding a detailed explanation in writing from the Development Loan Fund of its new policy of tied loans.

Opponents of the tied-aid policy raise these objections to Anderson's tactics: Tving aid to spending will encourage foreign countries to tie all their loans to underdeveloped countries, whereas the U.S. has been trying for years to persuade them to open their assistance to underdeveloped countries to international competitive bidding. In the long run, U.S. export interests may be hurt. Capital equipment by and large is bought with long-term credit, and if the Europeans and the Japanese are encouraged to extend such credit purely on a bilateral tied basis they may eventually take over an even larger share of the world market for such goods.

According to the Fulbright school of thought, Anderson's policy is restrictionist, and will tend to encourage restrictionist policies by foreign governments. Moreover, Anderson may very well encourage domestic protectionists, instead of appearing them.

· Rebuttal-Anderson and his sup-

porters have some strong arguments in rebuttal. They discount the likelihood that foreign countries will resort to protectionist retaliation in response to our tying a small amount of our aid spending to U.S. purchases.

Foreign countries have tied most of their economic assistance to purchases in their currency areas in the past, and probably will continue to do so. An increase in tied aid from Europe to the underdeveloped countries needn't hurt the U.S. If Germany gives Brazil steel mill equipment on long-term credit, for example, that may displace U.S. exports of the same type of equipment, but it also will free Brazilian financial resources to buy other things here—always assuming the U.S. goods remain competitive over-all.

 Estimate Savings—Against this background, here is what qualified U.S. officials think may be accomplished by the various measures now being taken or considered:

A maximum of perhaps \$200-million can be gained in 1960 by shifting International Cooperation Administration procurement to dollar sources. There will be little or no saving on DLF loans as immediately as next year. Some officials believe the ICA savings would be considerably less than that. In recent years, about a half-billion dollars of ICA funds, on the average, have been spent in foreign countries. But some of this has gone to underdeveloped countries.

When it comes to overseas military spending, the potential savings are

harder to guess. In fiscal year 1959, military spending abroad by the Pentagon came to about \$3.3-billion, with more than half of this going to West Germany, Japan, Britain, and France. Of the total, \$732-million was spent directly by U.S. military personnel and their dependents abroad. Most of the rest was spent on construction of U.S. military facilities, supplies procured abroad for U.S. armed forces, and for contractual services.

• Two Fronts—The Pentagon is approaching the task of reducing these expenditures on two fronts:

It is looking for ways to cut frills—reducing procurement of luxury foreign goods by PX's, discontinuing some recreational facilities, providing more austere housing facilities, etc. U.S. officials estimate that, at the best, this "frill trimming" won't save more than a maximum of \$100-million a year.

That means that big reductions in U.S. spending would involve some increase in the defense costs of the Allies. U.S. officials, adding up the potential for savings from increased Allied defense efforts, guess that these might amount to a maximum of \$300-million a year during the first full year.

• Cost of Discrimination—What would a substantial dismantling of discrimination against U.S. exports mean to the balance of payments in the short run? Guesses vary widely. Optimists estimate that as much as a half-billion dollars additional might be earned in the first year after total ending of discrimination came into effect. Pessimists, on the other hand, argue that removal of discriminatory restrictions still will leave high tariff barriers to U.S. exports in many fields; that the U.S. wouldn't gain more than \$100-million or so per year in the near future.

• The Ledger-Piccing together all these factors, some qualified U.S. officials come up with this prognosis for the U.S. balance of payments:

In calendar 1960, tying foreign aid spending might gain up to \$200-million. Military expenditures might be brought down by some \$400-million. There should be a net increase in earnings from exports of about \$2-billion next year, taking into account some gains from a reduction in discrimination against U.S. exports plus the expected increase in sales of jet planes and of cotton and other agricultural products to Europe.

But this gain of \$2.6-billion could be offset by additional payments for increased imports and higher net payments on private capital account. In that case, the U.S. may not cut more than \$2-billion off its deficit for 1960. And, though officials would be delighted with this result, they consider that that kind of a deficit still would be uncomfortably large for the long haul.

Stores Count the Days to Yule

- This Christmas—and the year as a whole—will be better than ever, retailers think.
- But they sprinkle their optimism with caution; earlier predictions have already been scaled down a little.
- The chief worries are the possibility of a widening impact from the steel strike and fear of too much inventory.

As the U.S. draws breath to plunge into its annual Christmas binge, retailers are taking a determinedly optimistic stand. In the main, they think 1959's Christmas will top last year's, and the year will come out on top, too.

Most stores, it's true, have revised their earlier projections downward. The steel strike drags on, and warm weather bit cruelly into early fall sales. A downgrade of expectations is normal procedure, however, a spokesman of National Retail Merchants Assn. points out. Retailers start every year with high optimism.

NRMA's own poll of some 200 retailers last week turned up expectations now of a 5% gain for the year against early talk of a 6% to 8% gain. Individual retailers who business week talked'to last week agree roughly with this estimate—though, for individuals, projections of gains now range anywhere from 10% down to 2% or 3%, or even breaking even. A few think they'll have trouble ticing last year.

• **Strike's Toll**—Once you set aside the pervading optimism, all patterns fall apart. The steel strike has had a fairly localized impact so far—and even in steeltown Pittsburgh, how well a store is doing seems to depend on just where it is and what it sells.

In Pittsburgh, in fact, sales have held up "surprisingly well" generally. Detroit's big J. L. Hudson thinks the upcoming season will be one of the best. Chicago is fairly optimistic—though sales in nearby Gary and Hammond have dropped 23%. Portland, Ore., finds the Christmas outlook "ominous"—but, when you pin retailers down, they appear to mean by this a year at least even with, and maybe a little better than, last year. Philadelphia had been blaming the strike for slow sales this fall. Come cool weather, sales spurted. So Philadelphia—like many cities—now believes weather was the real villain.

Practically every merchant, though, has a worried eye on steel. As the secondary effects of the strike ripple out into broader fields, cities that have come through unscathed so far will feel them. One Chicago store reports the strike's impact hasn't been "too notice-

able," but another in the same city thinks another two weeks of strike could make the difference between red ink and black. Los Angeles merchants fear development of a psychology that will hold the consumer back. Says one retailer: "Last year the recession scared them off. Now it's steel."

• Plenty of Inventory—Many stores backed up their optimism with heavier inventories than last year. Now they are quite divided as to whether this is good or bad. One Houstonian says frankly his inventories are 8% or 9% above what he would like. Says another: "We bought as if we were going to have a record Christmas, but damned if I know how we are going to do it."

On the other hand, a Milwaukee appliance dealer admits he loaded up on inventories, but adds: "We're damned glad we did. Business couldn't be better." And most who say they are heavy are confident they can sell it.

As yet, strike-caused shortages haven't plagued many stores. Several report appliances are wearing thin, however.

No Pattern—There's no consistency, either, as to what type of store is doing well. Mostly, the more expensive stores seem to be faring best. A luxury store in Los Angeles says: "Business is too good. I can't figure it out." This merchant is one of the few who have revised his year's estimate upward—from an expected 7% gain over last year to 11%. At the same time, a variety chain expects the best Christmas ever.

The pattern of individual selling presents the same hodgepodge. In Milwaukee, appliances are selling "furiously"—thanks to some heavy promoting by the power companies. In Philadelphia, appliances and TV are only fairly good. Home furnishings are doing well in Atlanta and Los Angeles. But a Pittsburgh furniture-appliance store says sales are off severely; furniture itself is almost dead. But this apparent contradiction, at least, makes sense. In cities where the strike pinches, consumers are postponing big-ticket purchases.

The pickup in softgoods is the big news in areas where warm weather slowed up sales. Sportswear ranks high the country over; children's wear is doing well. A couple of cities find that furs sell slowly, but fur-trimmed coats are coming into their own. Although real Christmas buying is not yet under way, several cities report a rush on outsize dolls.

 Quality First—Most merchants agree on one important point: The consumer is steadily upgrading on many items.
 Quality and fashion are the great prerequisites, says New York's Ohrbachs.
 A middle-priced Clevelander finds cashmere and mink going over. And a specialty store there thinks the best evidence of consumer optimism is that the housewife is still buying quality frills.

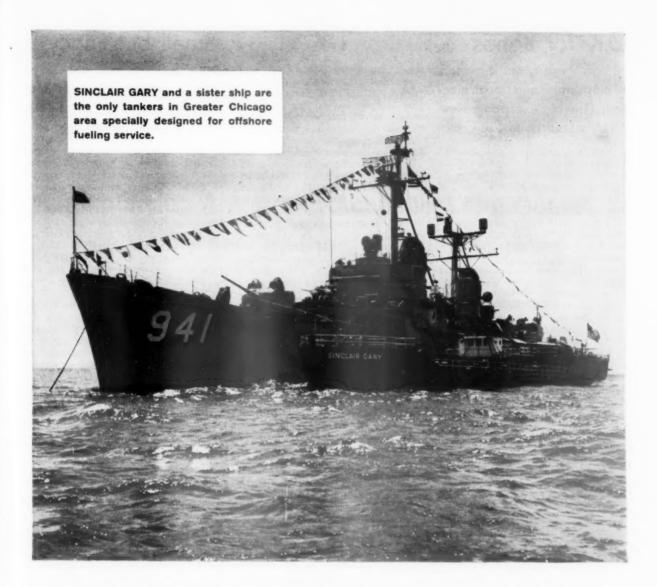
A variety chain reports more sales in higher priced apparel than ever. Several stores have dropped house dresses at \$2.98 and \$3.98. The \$5.98 dress does better. And a luxury store on the West Coast is doing well in sweaters at \$150 and \$200. This store says people have learned they get what they pay for. Yet "it takes a hot deal to move mer-

chadise," says a large appliance house.

• Just Charge It—Only a few cities feel much of a shift to credit buying—again, apparently, because the steel strike pinches in relatively few areas. "People feel a little less afraid of credit this year than last," thinks a big Milwaukee merchant. But one Detroit store says its credit accounts have increased by the hundreds. In Cleveland, too, credit is getting a bigger play as struck steel workers run short of cash. A few merchants add that collections are the worst in years.

Most places report little change in prices so far—though some think the spring will tell that story. Neither Milwaukee nor Portland finds any firming in appliance prices, but the outlook, at least in some cities, is higher prices around the corner. In a few cases, the rise has already shown: New merchandise is running from 2% to 5% higher, says a St. Louis retailer. But many say competition is holding the price line.

• Early Yule Sales—Merchants are divided as to whether early Christmas promotions get the goods off the ground. In Cleveland, where retailing has been "vaulting," promotions of all sorts—bazaars, import fairs, anniversary sales—are the order of the day with a few subtle bids for the early-bird Christmas shopper. But Thanksgiving Day is still the magic opener for the big binge. "We are not going to try and rush Christmas. That doesn't pay. Your customer isn't going to come in in October to buy Christmas gifts unless you are giving something away," says a Portlander.



Only Sinclair Could Quench This Navy Thirst

This year, for the first time, deep-water ships of the U. S. Navy sailed the Great Lakes. A task force of 22 vessels visited important ports on a special training mission. And, having traveled light to pass through the new Seaway, 22 ships were thirsty for fuel by the time they dropped anchor at Chicago, far from home base.

To quench this thirst the Navy called on Sinclair Refining Company, the only supplier equipped to make volume deliveries offshore. In a round-the-clock operation, 2,500,000 gallons of heavy oil were pumped into ships' bunkers. The task force sailed on schedule.

The ability of its marketing subsidiary to deliver

quality products with the most modern equipment is one reason why Sinclair Oil Corporation, measured by total assets, is the nation's sixteenth largest industrial company.



A Great Name in Oil

O.K. for Bonds . . .

. . . was given by voters in most state and local elections. The big exception: New York's school bond issue.

With the important exception of New York State, voters across the nation this week were inclined to go along with proposals for new state and local bond issues. In Kentucky, six years after the Korean War, they even went for a huge issue for veterans bonuses.

In a light year, with only \$1.3-billion of proposals up altogether, the New York and Kentucky figures distorted the picture. The New York proposal was to let New York City sell \$500-million in bonds outside its debt limit for school construction. Kentucky voters had no idea how much they were voting for; depending on how many veterans and their heirs the state turns up, the issue was figured conservatively at \$300-million.

Rejection of the New York issue brought the ratio of approvals below 60%. By contrast, when \$2.5-billion of bonds were proposed to voters last November, 74% of the total was approved. But the passage of the bonus in Kentucky and the high ratio of approvals elsewhere—still indeterminate at midweek—hardly would cause any advocate of fiscal prudence to toss his hat in the air or credit voters with

becoming penny pinchers.

• Wagner Damaged—The defeat of the New York school bonds hurt the prestige of Mayor Robert F. Wagner, who had led the campaign for them. The amendment was expected to have trouble upstate. What hurt Wagner was the wide margin by which it lost in New York City. Leading the opposition, Comptroller Lawrence E. Gerosa contended that it was not necessary to go beyond the debt limit for \$50-million yearly to augment ordinary funds

Politicians took no stand on the equally emotional issue of veterans bonuses in Kentucky. Apparently they felt the bonus would fail without anyone jeopardizing his political future by talking in opposition. But they failed to reckon with the intensity of the veterans movement, particularly in eastern Kentucky.

for schools for 10 years.

• Spurred by Hardship—The bonus idea grew out of the hardship felt in eastern Kentucky in recent times. First flood, then recession, then prolonged coal strikes—these were enough to make men in the mountains press for a handout from the state. The proposal was introduced in the legislature in a manner so that the Governor could not

veto it and the legislature put it on the ballot.

Now that the issue has carried, making Kentucky the 18th state to pay a bonus to its veterans, the state administration is in a frenzy. Budget drafting time is here, but no one knows the dimensions of the bond issue. Until the state determines how many veterans are entitled to the bonus, it won't know how much it will have to pay out. The amendment provides for a general sales tax—now levied in 34 other states—to pay off the bonds. But until a court interprets the exemptions, no one will know how high the rate must be.

• Split Decisions—In San Francisco and Cuyahoga County (Cleveland), Ohio, voters were not entirely free with their money. They split their votes. San Francisco O.K.'d \$7.6-million to rehabilitate the civic auditorium and \$1.8-million to rebuild the Palace of Fine Arts, but rejected \$3-million for a park at the San Francisco Ferry Building. In Cleveland itself, \$6-million for sewers and \$3-million for recreation got by, but \$1.8-million for a new court didn't. In Cuyahoga County, hospitals fared well, but voters thumbed down improvements and additions to court and administration buildings.

Elsewhere, important issues passed. New Jersey approved \$66.8-million for state colleges. Chicago and Philadelphia O.K.'d big improvement programs. Schools went over in Columbus, Sacramento, St. Paul, Toledo, and Lubbock, Tex. Schools also carried in many Ohio communities; Findlay was the major exception. (In Ohio, too, Hamilton County rejected the largest issue turned down outside New York—\$8-million for sewers and roads.)

• Metropolitan Setups—In addition to incurring new debt, voters in some areas had the chance to express themselves on government organization. In Miami, where the county government has been reconstituted to become a metropolitan government, Metro opponents failed to put over amendments to weaken it. But in St. Louis and Cleveland, opponents beat back new Metros.

Dade County (Miami) voters trounced amendments to reduce the size of the County Commission and to make the offices of tax assessor and sheriff elective. The county manager now appoints both. In both the city of St. Louis and St. Louis County—separate since 1876—a proposal to create a new district government failed.

Just as metropolitan government advocates now must adjust their thinking to public sentiment, so must those who would have motorists bail out commuter railroads. New Jersey voters licked Gov. Robert B. Meyner's proposal that would, in effect, subsidize commuter railroads out of turnpike revenues.

Small but Fancy

Each of the Big Three plans a more luxurious and slightly larger entry in the compact car field before next fall.

The parade of new compact cars from Detroit by no means ended with the introduction last week of Chrysler's Valiant. Another round of compact cars, more luxurious and larger, will be offered by Big Three medium-price car dealers in the months to come.

First out will be Ford's Comet, to be sold by Mercury dealers after Mar. 1. The Comet has the Falcon body shell, but with extensions fore and aft, will have a 114-in. wheelbase and be about a foot longer than the Falcon.

A larger version of the Valiant is reportedly being prepared for sale by Dodge dealers, possibly in the spring.

Dodge dealers, possibly in the spring.
General Motors' medium-priced
Buick, Oldsmobile, and Pontiac dealers
will have a domestic small car-again
based on stretching out Chevrolet's
Corvair-in their hands before the end
of next summer.

In all cases, the cars are expected to cost as much as standard Fords, Chevrolets, or Plymouths—but the emphasis will be on compact dimensions and economy of operation, the by-word of American Motors' Pres. George Romney and his highly successful but hardly inexpensive Ramblers.

Detroit's economists and researchers long ago learned that the average selling price of AMC's Ramblers was about that of Ford or Chevrolet. Thus they surmised that first cost was not so much of a motive in buying as low maintenance and parking ease.

This same strategy is behind another compact car which will come to market in the luxury class next fall: the Continental. Those who have seen prototypes of this car describe it as "smaller than the Mercury, like a six-passenger Thunderbird."

The Comet is styled quite differently from its Falcon sibling. Although the grill is the same oval shape, it has dual headlights and vertical bars like the 1960 Mercury. The "greenhouse" is more like a Thunderbird than the Falcon, and rear end treatment is said to resemble earlier model Mercurys or even the Valiant.

GM's B-O-P small car is said to have a front-mounted aluminum block V-8 engine in some models; others may offer a beefed-up version of the rear-mounted, air-cooled Corvair power plant.

Elsewhere in the U.S. small car field, American Motors is preparing new models for 1961, including a convertible, and aluminum engines.

An Open Letter

to those men and women who are concerned with the design, construction, financing, or remodeling of office buildings, schools, hospitals, stores, and other commercial buildings.

Announcing Armstrong Acoustical Fire Guard a totally new method of installing <u>rated</u> fire protection at <u>substantially lower cost</u>

New Armstrong Acoustical Fire Guard is the most important development in the acoustical industry since its founding. It is a revolutionary new acoustical ceiling tile that offers Underwriters' Laboratories' rated fire protection to a building.

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It is the *only* acoustical ceiling tile to offer this protection. It can give you a *safer building* at *lower cost*. Here are the reasons why:

- **1.** Eliminate old-fashioned fire-proofing methods—Acoustical Fire Guard, by itself, protects structural steel from the ravages of fire. No need for expensive additional protection. Construction using Acoustical Fire Guard will meet the nation's strictest building codes.
- **2.** Reduce construction costs—by as much as 10ϕ - 30ϕ per square foot. Save on materials and labor.

- **3.** Shorten construction time—by as much as three to six weeks. New buildings earn revenue sooner. Old buildings can be remodeled in record time. Acoustical Fire Guard can be installed during or outside of building working hours.
- **4.** Save money on fire insurance—By giving you lower fire insurance premiums on your building and its contents, Acoustical Fire Guard can continue to save you money—year after year.
- **5.** Get a superior acoustical ceiling—with excellent sound absorption, three attractive surface designs, and a factory pre-painted surface that requires minimum maintenance.

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This coupon
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save you
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Dear Sirs: Please send me a free 12-page illustrated color booklet on Armstrong Acoustical Fire Guard ceilings.

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In Business

Pennsy in Surprise Move Names Allen J. Greenough as President

In a surprise move, the Pennsylvania RR last week picked a new president: Allen J. Greenough (picture). The 54-year-old Greenough has been vice-president in charge of transportation and maintenance for four years.

to retire when he reached 65. But now it seems almost certain that he will retire in favor of his hand-picked successor in 1962.

He succeeds James M. Symes, president since 1954, who becomes board chairman and chief executive officer.

The move caused surprise for two reasons:

• Several other Pennsy executives had been considered more likely to succeed Symes. But Symes backed Greenough.

• Symes, who is an exceedingly vigorous 62, had not been expected But now it seems almost favor of his hand-picked

Final Judgment in du Pont-GM Case Due Soon; Government May Appeal

Lawyers for du Pont this week were busy ironing out minor difficulties in what is expected to be final judgment by Federal Judge Walter La Buy in the General Motors stock divestiture case (BW-Oct.10'59,p26).

Government antitrusters objected to some points in a first proposed judgment; the one being drafted now will seek to eliminate the disagreements, guided by a memorandum that La Buy is now in the process of pre-

It's possible that the final judgment will be issued next week. Both sides seem anxious to get it on the record, after which the government will have 60 days to appeal La Buy's basic ruling that du Pont can keep the stock but not the voting rights.

FPC Approves Pipeline to Tap Canadian Natural Gas for Midwest

The Federal Power Commission has given the expected approval to the revised plans of the Midwestern Gas Transmission Co. to tap Canadian natural gas by a pipeline from Emerson, Manitoba, to Marshfield, Wis. (BW-Oct.31'59,p82). The \$52.2-million, 500-mi., pipeline would bring 204-million cu. ft. per day into the U.S.

The next step in the protracted negotiations is for Midwestern—a subsidiary of Tennessee Gas Transmission Co.—to seek a Canadian license to export the gas. The supplier, Trans-Canada Pipe Lines, Ltd., hopes to get the license early next year, with construction of the pipeline beginning within six months.

IRS to Open Hearings on Proposed Ban On Deducting Expenses for "Lobbying"

The Internal Revenue Service will open hearings next week on its proposed ruling that money spent to influence legislation or political campaigns cannot be deducted as a business expense on corporate or personal income tax returns.

The rule is being vigorously opposed by a mixed bag of organizations ranging from Chambers of Commerce, trade groups, and labor unions. All of them claim that the sweeping language of the rule goes too far.

Steel, Machinery Price Rises Studied

The Joint Economic Committee of Congress this week released the second and third papers in a series of factual studies of what is happening to prices.

One paper dealt with steel prices, whose increases were said to account for 40% of the entire rise in the wholesale price index from 1947 through 1958. The steel increase was ascribed to wages increasing faster than productivity, while management maintained or even increased profit margins.

The other paper, on machinery prices, blamed the 1954-57 rise on demand outstripping supply, during the boom of plant and equipment spending by industry.

Business Briefs

Imported cars are running their own sales race even though the American "compacts" get the headlines. Renault boasts that in September it led Volkswagen in registration for the first time, 9,439 to 8,654.

The Martin Co., aircraft builder that has gone heavily into missiles, is in the last stages of negotiation to set up a new company, half owned by Martin and half by the West German Heinkel, Messerschmidt, Telefunken, and possibly Dornier companies. The deal would help Martin to diversify into non-defense items.

Prudential Insurance Co. will build its own \$10-million shopping center in Millburn, N. J. If more insurance companies tag along, it may bring new stability to the shopping center field, with which real estate men have been growing disenchanted.

The Ryder System, Inc., is on the verge of merging with Pacific Intermountain Express Co., in a deal that would make Ryder the nation's top motor carrier.

REFLECTS EFFICIENCY PUBLIC SERVICE CO. OF OKLA.

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because PANALARM REDUCES LOGGING TIME TO SECONDS...CURTAILS COSTLY OUTAGES

Public Service Co. of Oklahoma reports greater continuity of service and fewer costly outages from using PANALARM Annunciators in its new Tulsa station

PANALARM "flashing-ringback sequence" Recording Annunciator System converts raw data into usable information in seconds—a tremendous improvement over slow, old fashioned manual logging. Costly outages are fewer because of the speed and reliability with which off-normal conditions are registered.

The Recording Annunciator System sounds an alarm when trouble occurs. Simultaneously, it prints an accurate alpha-numeric digital record of the date and time of trouble and identifies the equipment that failed and/or returned to normal, eliminating possibility of operator error.

Another big advantage is that it continues receiving and recording information during emergencies, relieving the operator of this burden. The operator then concentrates his entire attention on ending the emergency. Later, a precise, sequential record is available for both operators and engineers to study as a basis for preventive maintenance and action.

For an optimum competitively priced Recording Annunciator System for your plant, talk to Panellit engineers.

Sales and engineering offices in all principal cities.



PANALARM ANNUNCIATORS record critical information on 7 turbine generators related to differential shutdown, overvoltage, ground detection, motor control, loss of field, pressures, temperatures, and shutdown or bus tie transfer operations.



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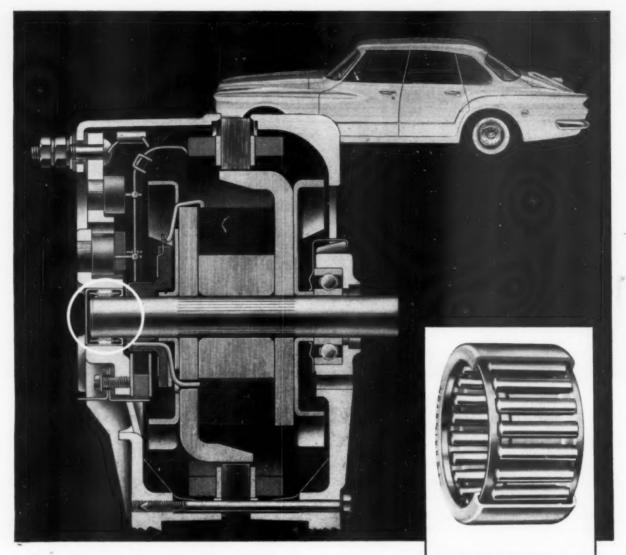
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For complete technical details on the Recording Annunciator, write for Bulletin 102A today.

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Torrington Drawn Cup Roller Bearings Used in Valiant's Alternator

Compactness, efficiency, economy, reliability... these are outstanding features of Chrysler Corporation's exciting new small car... and of Torrington Drawn Cup Roller Bearings. Used by Chrysler in the Valiant's new alternator system for electrical power generation, these bearings provide smooth, trouble-free operation and long service life without need for relubrication.

Torrington Drawn Cup Roller Bearings offer performance advantages in all types of generators and appliance motors. The cost is remarkably low... in many cases, armature bearing costs have been lowered by as much as 50%. For advice on the application of Torrington Drawn Cup Roller Bearings to your specific problems, call or write: The Torrington Company, Torrington, Conn.—and South Bend 21, Ind.

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Armature-mounted Torrington Drawn Cup Roller Bearings offer these outstanding advantages:

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- Ample provision for lubricant storage and circulation
- High capacity in small cross section
- · Long pre-greased service life
- Outstanding efficiency at high speeds
- · Easy mounting by press fit
- · Simple housing design
- · Low unit cost

WASHINGTON OUTLOOK

WASHINGTON BUREAU NOV. 7, 1959



Pres. Eisenhower sets the domestic political tone for 1960.

The effort to halt inflation is the paramount issue he chooses on the home front for the last year of his Presidency. Eisenhower made that clear this week in Washington when he helped kick off the organization of a new business-industry-public promotion group.

Insurance and banking leaders are in the forefront of the gathering movement to organize public support for the Administration's fiscal policies—the extra dimension that Eisenhower has always felt was lacking, due mainly to complexity of the problem and lack of wide public understanding. The insurance and banking men have enlisted heads of 48 organizations, such as the American Legion, the General Federation of Women's Clubs, the American Bar Assn., and the U.S. Chamber of Commerce.

A big promotion and advertising campaign is planned. The group will raise money for television, radio, movie, billboard, newspaper, and magazine displays to explain, in easy-to-understand language, what individuals can do to combat inflation.

It will put heavy, new pressures on Democrats in Congress. The strategy is to head off a Democratic push for an "easy money" policy and to marshal broad public support for, among other things, the Administration proposal to remove the 41/4% interest ceiling on long-term government bonds.

The money issue will be important in next year's campaign. It probably won't become the biggest issue. Not since 1896 has the direct hard-vs.-easy money issue dominated a Presidential race. But it seems inevitable that money in 1960 will be one of several leading issues. Vice-Pres. Nixon, the front-running GOP contender at this point, has already aligned himself with Eisenhower on the money problem.

Pro-Nixon forces begin to move against Rockefeller. This is a new development. Publicly, the Nixon people still take the line that competition for the 1960 Republican Presidential nomination is welcomed. But privately they are adding something else.

Their new line goes about like this: "Rocky is short on political experience. If he bides his time, he'll make it one day. But if he rushes things, he'll break his political neck." In other words, the New York governor should back away from a challenge to Nixon in 1960. Nixon's supporters cite, as an example of what they mean, Rockefeller's call for a renewal of underground atomic testing. They view it as a blunder—at least, insofar as the timing is concerned.

Rockefeller is regarded as a definite 1960 contender by most of the Nixon people, however. The attack on his "political immaturity," which eventually will spring full-blown in their strategy, is proof that the Nixon camp is buckling down for a contest.

The New Hampshire preferential primary poses something of a problem in the Nixon planning. The primary comes early and it's the nation's first—next Mar. 8. The stakes are small—a mere 14 convention votes. And the state is not regarded as safe for either side.

The problem: whether Nixon should enter against Rockefeller. No decision will be made until early next year, but the Vice-President knows he has more to lose than to gain in New Hampshire.

WASHINGTON OUTLOOK (Continued)

WASHINGTON BUREAU NOV. 7, 1959

A Rockefeller victory would give rise to the cry that "Nixon can't win"—a powerful strategic weapon for the New Yorker.

A Nixon victory probably would eliminate Rockefeller from serious contention. But Nixon's strategists think their man can win without knocking Rockefeller out before the convention. In any event, they would prefer any direct test of popular strength—particularly, the first one—to come in the Midwest or on the Pacific Coast.

Sen. Styles Bridges may hold the key. He is the dominant GOP figure in New Hampshire, and is strongly for Nixon. If the state situation next year looks very risky for the Vice-President, Bridges may enter the primary as a "favorite son." This would relieve Nixon from direct involvement.

The private atomic industry has Congressional sympathy when it complains about "nationalization" of reactor development.

The Joint Atomic Energy Committee has scheduled hearings for next spring on the proper role of the national atomic laboratories—Argonne, Oak Ridge, etc. The impression here is that a majority of the Congressional group will favor reduction of the labs' responsibility for reactor development under established processes. They will side with the industry, which argues that government should farm out such work to private enterprise—once initial research and development is done.

A redirection of atomic research, not a de-emphasis of the atomic laboratories, would be the result under this approach. At the Capitol, the feeling grows that the laboratories should pay more attention to advanced basic research and new technology—the atomic areas where the Soviet Union now poses a major challenge.

Federal competition with private business is undergoing one more bit of high-level scrutiny. It has no direct connection with the atomic industry's complaint. Budget Director Stans has asked all departments and agencies to evaluate, by Dec. 31, their commercial-industrial activities in these areas: transportation, communications, utilities, warehousing, and contractor-operated activities that are government-owned.

No major governmental withdrawal is expected in any of the fields, despite Stans' order to establish "a presumption in favor of government procurement from commercial sources." The base for exceptions is broad—national security, large and higher costs, or unfeasibility for any one of several reasons.

Labor tries for the initiative on the "featherbedding" issue. Work rules figure in the steel strike, but the fight about make-work will grow really noisy in the railroad bargaining just now beginning.

The labor strategy is to shift attention from union practices to management practices. The AFL-CIO's Industrial Union Dept. propounds this line in a broadside put out this week. Other labor organizations will take it up. Examples from the IUD policy paper: "The fantastic expense account living of American management . . . represents a monstrous featherbedding" and "company-paid-for hunting lodges, yachts, vacation resorts, and the like . . : represent one more pound of feathers that (the consumer) must carry."



Uncanny... All the tang and taste of fresh-picked grapefruit is preserved in this can. Like almost all cans you use today, it is made flavor-safe at the steel mill through the use of a unique Pennsalt metal cleaner which helps in the tin plating of steel—creating a bond so tight that food acids cannot penetrate.

Pennsalt research works in many other ways, improving products for industry, agriculture and the military. This research could very well turn up the answer to a problem you're pondering right now. Write or call Pennsalt Chemicals Corporation, 627 Three Penn Center, Philadelphia 2, Pa.



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GM Diesel-powered earthmovers speed work on California dam.



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GM Diesel-powered tractor and feed mill cut costs on Georgia farm.

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GM Diesel-powered Central Freight Lines' rig on long Texas haul.

"Jimmy" Diesel

Sets new standards of power and profit

When you take stock of your profit-making equipment the time has come to measure your machines against the new standard of power and profit—GM Diesel engines.

Look at the savings these engines are making in just these applications.

Trucking: "Jimmy" Diesel engines bring big savings to trucks from 1½ tons up. A Florida trucker repowered two gasoline trucks with GM Diesels—is saving at the rate of \$4,350 per year per truck. Cross-country operators are cutting big rig running costs, covering more miles each day, getting up to 300,000 miles between overhauls, saving as much as \$1,150 and more on each overhaul, too.

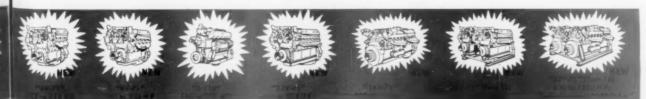
Construction: The experience of a California dam builder is typical. His fleet of \$43,000 earth haulers is powered by "Jimmys" and by 4-cycle Diesels. Three "Jimmy" units do the work of four others—so he saves on equipment purchases in addition to the big bonus of dependability and savings he gets from the GM Diesels.

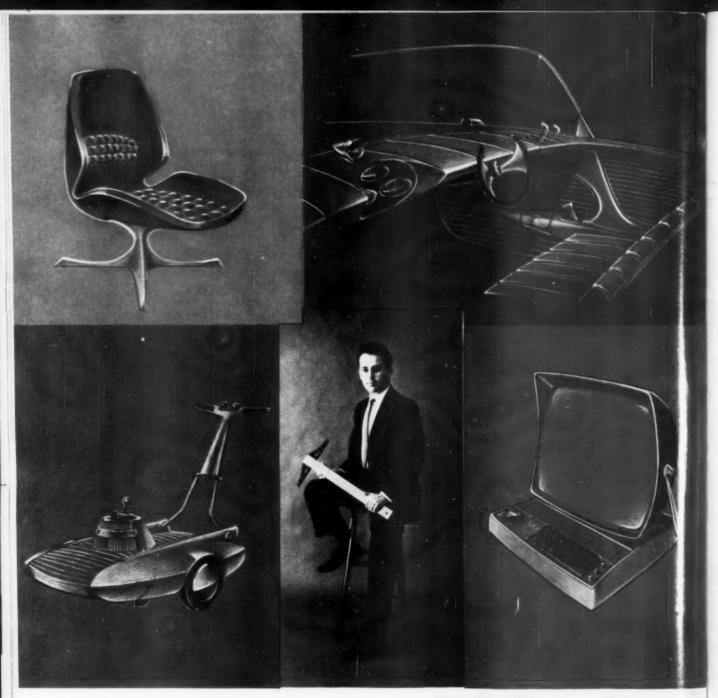
Farming: "Jimmy" Diesels can power just about anything on the farm and save big money, too. In a recent side-by-side test, for instance, a "Jimmy"-powered tractor plowed 22% more acres on 24.5% less fuel than another Diesel tractor of equal horsepower.

Whatever your power need, there's a GM Diesel tailored in size, in weight, in power to fill it. For full information, see your GM Diesel distributor or write GM Diesel, Dept. B-9, Detroit 28, Michigan.



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MARKETING

Imports on the rise



Women's clothing: an estimated \$115-million worth last year, against half that in 1955.



Wilton and velvet carpets: almost 15% of U.S. production in the first seven months of this year.



Japanese radios: over 2-million in the first half of 1959; in all 1956, 368,000.



Portable typewriters: nearly half of U.S. output in 1958.



Chinaware: By 1957, over 90% of all U.S. apparent consumption: earthenware, nearly 30%.



Japanese stainless steel flatware: half of U.S. output last year.



New car registrations: over 400,000 for the first eight months of this year; in all 1955, only 57,000.

Bracing for Foreign Competition

U.S. manufacturers are steamed up over the rise in imports. Some are joining up with the competition through overseas operations. Some are trying to improve their products. Others feel that higher quotas and tariffs are the answer.

The sketches and figures above suggest some of the drops of water that make up the rising tide of imported consumer wares in this country. From where some U.S. manufacturers sit, the tide has the look of a deluge in the making. And many an industry in the past year has journeyed to Washington for that last resort: relief in the form of tariffs or quotas.

So far, only one has brought the bacon home. Just two weeks ago, the President authorized stiff additional tariffs on stainless steel tableware above an import quota of 5,750,000-dozen pieces. The industry had argued that low-priced imports—the great bulk from Japan—had seriously damaged domestic

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producers, many of them the big silver companies. Industry statistics indicated that while imports of Japanese stainless steel flatware jumped from 380,000 dozen pieces in 1951 to over 8-million dozen in 1958, U.S. stainless and silverplated flatware combined sales dropped from 27-million dozen to 22-million dozen.

• Out of Luck—Other industries haven't been so successful. Last year, these included such a varied assortment as the carpet industry, handmade glassware, and cream of tartar. Still pending are an investigation of sewing machine imports which, Singer Mfg. Co. charges, violate its patents (BW—Feb.7'59,p24) and a plea to the Office of Civil & Defense Mobilization by the wool knit glove industry.

Products that go into consumer goods fared no better. Calf and kid leather, mink skins, hardwood plywood were among those that got a thumbs down. Textiles are sending out calls for help—both the mills and the apparel trades (BW—Sep.19'59,p109). One of these groups—broadwoven silk fabrics—had its

plea for protection refused this year. The electronics industry broke into

the show a couple of weeks ago with a protest to OCDM on semiconductor imports. This is the only product on which the industry is asking for help, but manufacturers make no bones about their concern at the rise of radio imports and other electronic goods.

In most cases, the government found lack of evidence of serious damage. In some areas, the figures are tricky. Thus the figures on women's woven and knit clothing above were derived by International Ladies' Garment Workers' Union from government sources but because of overlap in the statistical breakdowns, they include some men's wear, too. Japan disputed some of the U.S. data on steel tableware.

• Sales Bogey—It's hard to know for sure how much of U.S. consumption imports account for. In dollars, it runs much lower than the unit figures indicate. Total textile imports, for instance, are generally estimated at 3% to 4% of U.S. output, though it may be higher now. In many cases, it's the growth, rather than the absolute figures, that scares the pants off U.S. manufacturers. While the Japanese ex-



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ported less than \$500,000 worth of transistors to the U.S. in the first half of this year, it's the comparison with \$7,920 for the whole of 1958 that gives U.S. producers the cold shakes.

· Less Than 5%-No one knows. either, how much of retail sales imports account for. But according to Tobe of Tobe & Associates, fashion counseler to retail stores, it is nothing to what imports represented in the 1920s, when they went as high as 10% of all sales for some stores. It's unlikely you would find many stores doing as much as 5% in imports today; 1%, 2%, or 3% would be more like it.

Yet there's plenty of retail excitement, just the same. In city after city, international festivals, foreign fairs of all kinds are burgeoning in retail circles. Boutiques, shining with displays of imported gifts and novelties, bloom on many a retail bush. The big news is the growing enthusiasm of the big, popular-priced stores, such as Macy's and Ohrbachs in New York, for imports of all kinds. Almost daily come reports of merchants, from the mail order houses up, who are stepping up their overseas buving.

· Profit Margin-The retailer likes this fine, for the same reasons he liked it two years ago (BW-Nov.16'57,p114). Imports have the big plus of relatively low price and high markup. They also have snob appeal, and retailers run less risk that the store just down the street will duplicate their imported wares.

Many U.S. name designers, Tobe points out, won't let mass merchandisers promote their names even though they may carry their goods. If you can offer line-for-line copies of Paris originals, vou don't feel this lack so much. Paris itself reports a steadily rising interest in its couture lines on the part of the big department stores.

U.S. manufacturers find little in all this to cheer about. The rise of the quality imports worries them very little; it's too small a share of the total to hurt. The lower-priced imports are an entirely different matter. How are home industries meeting this competition?

I. Join 'Em

The watch industry was one of the first to join up with the competitive forces that threatened them. It moved massively into overseas operations of its own. Now other industries are going the same route, either by importing some of the output of their own overseas plants or by contracting with foreign concerns to fill out their lines.

Imports of portable typewriters in 1958 took 45% of the U.S. marketand those figures included portables brought in by U.S. concerns. Royal McBee Corp. has a major portable manufacturing operation in the Netherlands, shipping most of its products to the U.S. under its Royalite brand. Remington Rand Div. of Sperry Rand Corp., long a dominant name in international office equipment, imports portables. This year, Smith-Corona Marchant, Inc., begins bringing them in from a newly acquired plant in Birmingham, England. Underwood Corp. went the reverse route; it sold a controlling interest to Olivetti (BW-Oct. 10'59,p119).

Singer Mfg. Co., of course, has had international operations for years. It is bringing a new, low-priced machine (around \$59 at retail) in from its Scottish plant. White Sewing Machine Corp., after abandoning domestic sewing machine production, got back into

the picture via imports.

· Crack in China-China makers have had a body blow from the growth of imported merchandise. Eight out of 21 firms of long standing in the restaurant ware field folded in the last couple of years. Some china makers are turning to imports as part of their answer. Gladding, McBean & Co., maker of Franciscan lines, began marketing imports in 1958 (BW-Mar.15'58,p120), under an agreement with two top Japanese manufacturers. Another big china company is importing biscuitrough form before finishing-from Japan and finishing it here.

A couple of important carpet manufacturers have joined the ranks. C. H. Masland & Sons in September acquired Horizon Carpets, which has an arrangement with Mitsui, big Japanese trading company, to send in carpets to Masland specifications. E. T. Barwick Mills, big Atlanta concern, is importing Wilton and velvets from Belgian concerns in which Barwick has an interest. This was the cheapest way to round out its lines, explains E. T. Barwick, president. The company doesn't make these lines here

in the U.S. As for the electronics industry, Tokyo reports that it looks as though all the U.S. is in Tokyo, looking into transistors-and some of the big companies

are buying.

• Aims-Many companies that have gone into overseas operation themselves aren't too happy with this solution. But they hope they can mesh their imports with domestic production without hurting anybody. In some cases, the imports represent the low or middle end of their price lines, with the home plant stressing the higher card.

Gladding, McBean reports that sales of its domestic lines have gone up along with total sales since it began to import.

II. Licking 'Em

Most foreign competition has a big advantage over the U.S. manufacturer in lower labor costs. To some U.S. con-













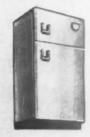


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cerns, the only way to surmount this obstacle is to get in on the foreign business themselves. Others think there are other answers and are working round the clock at them.

The hard-pressed china and earthenware manufacturers gave themselves a shot in the arm by developing so-called "casual" china, low-priced, but of good quality. Syracuse China has its Carefree line, Iroquois China Co. has Russel Wright and Informal. Lenox, Inc., thinks it led the way in more casual design in fine chinaware. But, comments Syracuse China's president, Foster Rhodes, the foreigners are beginning to

make this, too.

A surge of cost-cutting efforts has developed as one way to meet the price competition. Eastman Kodak Co. savs mass production methods and aggressive new product development have enabled it to hold its position in the market. It has always shot hard at the low- and medium-price ranges. The European cameras are mainly high end, and the Japanese shoot mainly for the middle. · Major Overhauls-Many industries agree that the competition means higher concentration on improving the U.S. product itself. Singer Mfg. Co. has doubled its outlays for research and development in the last three years. Its big plant at Elizabethport, N. J., has undergone a major overhaul for more automated and efficient production. One reason the company can do this, says Charles F. Bruder, vice-president of Singer Sewing Machine Co., is that there are 250 parts that are interchangeable among its three top Slant-O-Matic machines.

Clinton H. Harris, president of Argus Cameras Div. of Sylvania Electric Products Corp., says Argus is putting a major effort into stepped-up market research. "We used to do this with our left hand," he says, and adds that the U. S. manufacturer has this advantage: He knows his customers better than the importer does—or at least he should.

• Dealer Relations—Another point where U.S. producers feel they may have an advantage is in dealer relations. Argus, for example, is bearing down hard on this approach. The company thinks that the U.S. camera may be profiting from the confusing multiplicity of brands when lower-priced imports started to rush in. The U.S. maker promises the dealer a stable product; he can explain to dealers the often technical features of his wares.

Some companies feel that full lines win dealers, too. Gladding, McBean believes that its present five lines of Franciscan (including the two imported lines and a new domestic line) give the company a distribution plus. Singer, with its new low-priced machine, says it now has a product for every purse.

· Stress on Brand-Many companies

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are working harder than ever at brand recognition—another point where foreign newcomers may be weak. "We are spending more to promote loyalty than we should—over 6% of our sales dollar, vs. the 4% we spent historically," says Lawrence S. Phillips, vice-president of Phillips-Van Heusen, a leading men's shirts manufacturer. But Harry Cobrin, of the Clothing Manufacturers Assn. (men's wear) dismisses this tactic. "Corporate image my eyebrow," he says. "They have the import label."

The woolen industry is going all out to build up the American theme on an industrywide basis. Woolens & Worsteds of America is an organization sponsored by sheepgrowers and mills. Its main purpose: "To explode the myth that the import label is a badge of superiority." It is developing a seal for homegrown goods to give them some of the aura of the import label.

· Gauging the Enemy-U.S. manufacturers are not making the mistake of underestimating their opposition. Most agree that many of the imports-even the cheapest of them-are of at least fair quality. Many concede that some of the advantages of the U.S. companies won't last. Better foreign cameras already have a fine "corporate image"-and the newer, better ones are developing it. The smarter ones will catch up on service, too. As the Japanese overcome the stigma of inferior goods, the quality gap is diminishing steadily. Even in the low-labor areas such as Japan and Hong Kong, much of the plant is new and highly efficient in operation.

Finally, the present edge that distance lends the home producer is waning as the jet age brings market and supplier closer together.

So, when manufacturers here look ahead, they blanch. "Confidentially, they stink now," says a spokesman of the men's clothing field. "They don't know yet how the U.S. body is built. But give them two or three years and they'll learn."

III. Last Resort?

Particularly in the textile trade, protection by government action seems to most in the business the only solution. "Give us competition in quality, in style, and in merchandising, and we'll lick them," says Cobrin. "But we can't compete with sweatshop labor." Neither, he adds, can his industry compete with companies that can sell to the U.S. at lower prices than they get in their home markets.

Stiff protection of domestic industries by quotas or high tariffs would, of course, fly smack in the face of this country's liberal trade policy. This policy has been partly directed at building up the economies of other free-world



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NORTH CAROLINA

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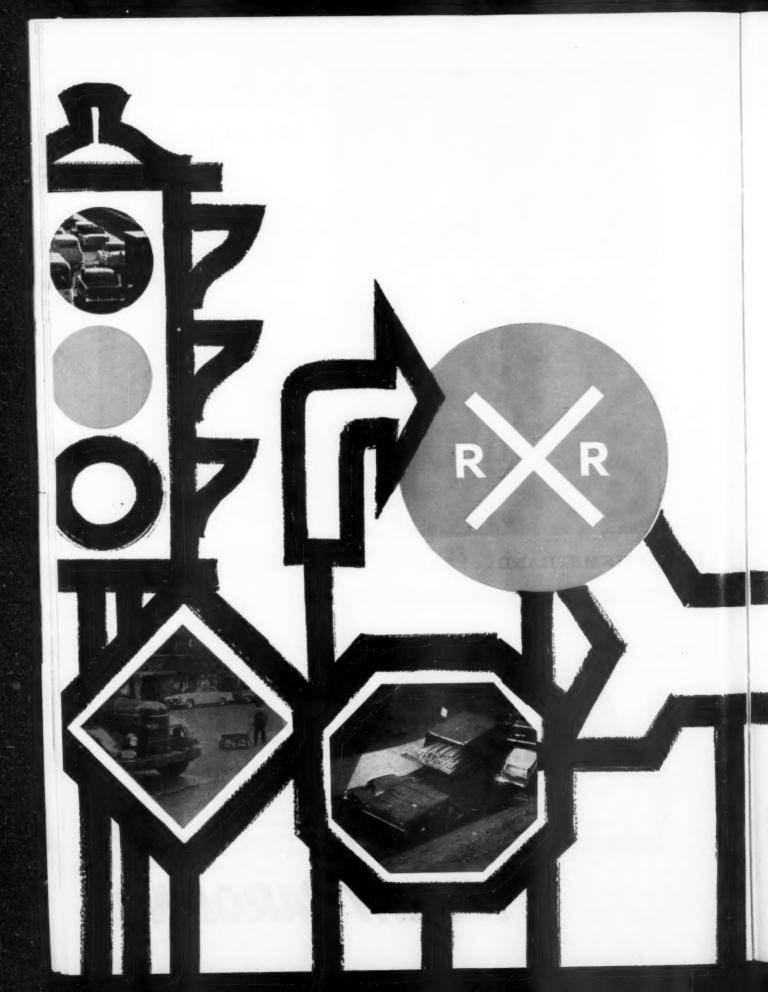
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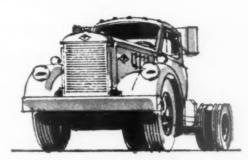
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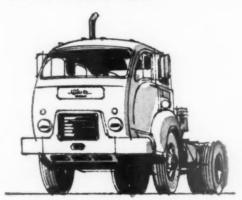
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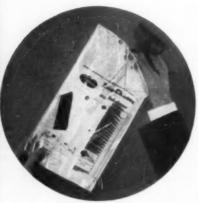
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countries. A reversion to protection would almost surely bring retaliatory action from the countries affected, thus hurting our exports.

• Textiles React—Low-wage competi-tion has practically wiped out the women's blouse business here. Men's wear fears that history will repeat itself, even though men's finished goods imports-suits, and the like-are a mere trickle now. Phillips estimates that 10% of apparent U.S. consumption of shirts now comes from low-labor areas, and this could triple in a few years.

As imports have moved from piece goods to finished goods, the textile industry has drawn closer together, both union and management. Textile mills say a little bitterly that the converters and clothing manufacturers didn't feel the need of protection as long as it was the fabrics only that were coming in. Clothing manufacturers charge that the big retail chains that are buying direct from low-labor countries have found "a fancy way of evading the law.

• Counter Measure—The industry talks hopefully of a bill proposed by Sen. Kenneth B. Keating (R.N.Y.) to offset the labor differential.

Japan, itself, is well aware of the danger of killing its own goose. Actu-ally, Japan is bug-eyed at the speed of its own export growth. At the current rate, it should wind up with an export total to the U.S. of some \$1.3billion in 1959

Some Japanese economists warn this may taper off, but there are few signs of it vet. For one thing, Japan has only begun to tap many new lines; woolens, auto parts, small machine tool parts, petrochemicals.

For another thing, protectionism has had minor effects so far. Textile quotas are based on vardage, but exports can upgrade quality to get higher profits. Finally, as more and more U.S. retailers and manufacturers find it profitable to buy from Japan, Japan feels its position as a supplier will hold strong. · What's the Answer?-U. S. industry is

by no means unanimous that protection is the answer. Textiles-which have had plenty of other troubles besides imports in recent years-generally see no other real solution. But some manufacturers in other fields accept the inroads of imports philosophically-even while admitting they hurt. Says Argus' Harris, "Perhaps we were fortunate in one respect. Foreign competition in cameras has been around for some time. Some industries that are just beginning to feel it are pushing the panic button. We learned to live with it.

From the president of a big chinaware company comes this comment: "Who are we trying to kid? For the 100,000 or so employed in the pottery industry, are we going to let our foreign

policy go to pot?" END

The marketing pattern — Something of Value?

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ALMOST anyone with the price of a shotgun is willing to blast marketing as an inexact—and expensive—art. Marketing men have always stoutly maintained that their work is worthwhile. But they have seldom been able to point to any scholarly measure of just how worthwhile it is. They tried again at a recent University of Illinois conference.

Measurement proved hard to come by. Economists have concentrated on measuring production. They have devised some generally accepted indexes to assess the productivity of manufacturing, but these take into account only tangible factors. Divide an industry's output by so many hours of labor, or so much capital, and you get an index of its productivity-preferably in such indisputable terms as widgets made per hours worked. Even here, there are some doubts as to the merits of the figures.

Economists admit to shying from the use of such techniques in measuring the output of marketing. Says Prof. James Cox, president of the American Marketing Assn.: "Economists usually concentrate on production—on the assumption that marketing has done its job in distributing that production." But is that assumption still valid? In our present economy, consumers can't be counted on to sop up all the output of productive facilities. Supplier push has supplanted demand pull.

· Inadequate Tools—To measure the productivity of marketing, the University of Illinois conferees tried the tools of neoclassical economics and found them wanting. If you construct an equation to figure productivity, what do you use as a divisor on the input side, for example? For manufacturing productivity, you can use labor hours. But when you're considering marketing, how do you equate the efforts of salesmen and TV entertainers, researchers and detail men? Or assign relative values to the interacting factors that add up to a total marketing effort: advertis-

ing, sales promotion, service, dealer performance, and so on? It's difficult even to decide whether a given marketing effort belongs on one side of the productivity equation or the other. In the manufacturing index, it's easy to segregate the inputs-men, money, and machinery-from the outputs-the goods turned out. But marketing inputs consist of activities that both serve and influence demand. You can identify a demand-serving activity, such as shipping, as a marketing input. But what about a demand-influencing activity, such as advertising?

Marketing productivity can have diversified effects. In some cases when sales climb, the reason is that prices have been slashed. This price cutting makes marketing efforts look less efficient. But the higher sales will generally show up as a plus for manufacturing productivity, since increased volume permits more efficient use of production facilities.

• The Anchor Man-Finally, to measure marketing productivity, you must explore the philosophical area on consumer satisfaction. In equations of manufacturing productivity, you assume that the goods produced are desirable. So much input results in so much output. The output then goes on to another point in the economic system. But in marketing output you reach the anchor man in the economic system: The ultimate consumer. Can you measure the satisfactions he derives from marketing productivity purely by the price he pays?

Despite these formidable obstacles, the conferees felt optimistic about their efforts. Ohio State's Prof. Theodore Beckman broke fresh ground with a study measuring productivity in wholesaling. He takes gross margin to represent the wholesaler's ouput and divides this figure by an input factor combining labor cost and wholesaler capital. By restricting his investigation to wholesaling, he avoids many of the general objections to indexes of marketing productivity.

But Joel Dean, of Joel Dean Associates, indicated that the art of measuring marketing is still in infancy: He advocated the ancient yardstick of profitability as the best presently available index of productivity.



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In Marketing

Retailers Force Quick Court Test Of Ohio's New "Fair Trade" Law

Ohio's new "fair trade" law, passed over the governor's veto by the last legislature, is going to get a thorough and quick court test. The law lets manufacturers set minimum retail prices by a simple notification to the retailer.

An earlier Ohio law, which permitted a manufacturer to set minimum prices for all retailers in the state by signing up only one store, was declared unconstitutional. That action resulted in the dropping of minimum pricing by companies such as General Electric and Sunbeam.

The court test of the new Ohio law is significant because the law follows closely the provisions of a Congressional bill which passed the House this year. The Senate is due to act on the measure when Congress meets again.

Seven retailers filed suits against Eli Lilly Co., Upjohn Co., and E. R. Squibb & Sons. The three companies notified the retailers that vitamins and certain other drug products must be sold at established prices. The retailers, according to their attorney, are continuing to sell below the prices set by the manufacturers.

Sears Withdraws From Australia After Tiff With Directors Down Under

Sears, Roebuck & Co., which has extensive foreign operations in Latin America and Canada, is pulling out of Australia. It announced last week it is selling its 24% investment in Walton-Sears, Ltd. Sears thus withdraws the use of its name and cancels the contract under which it had an option to buy up to 50% of Walton-Sears shares.

Walton-Sears, which will now become Waltons, Ltd., had a volume last year of \$34-million through operation of two large department stores, 47 small appliance stores, and a mail order plant.

Sears sold out because directors couldn't agree on how to expand. Australian directors wanted to buy existing store properties, while Sears wanted new construction in keeping with its general policy. In addition, Australian directors wanted dividend payments now; Sears didn't.

Philadelphia-Based Radio, TV Chain Picks Up Two More Stations

Metropolitan Broadcasting Corp., of Philadelphia, is on its way in its drive to put together a chain of radio and television stations as big as the Federal Communications Commission will allow—seven radio stations, five very high frequency (standard) TV stations, and two ultra high frequency stations.

Latest purchases are WIP, Philadelphia radio station, and WTVH, Peoria UHF TV station affiliated with the American Broadcasting System.

WIP was bought for 150,000 shares of Metropolitan stock (worth about \$27-million) from Benedict Gimbel. Jr., WIP station manager, and his associates who had acquired the station from Gimbel Bros. department store a year ago. Gimbel and auto dealer John F. Crisconi, and associate, become directors and major Metropolitan stockholders along with John W. Kluge, president. The Peoria station cost \$600,000 cash.

Metropolitan started up four years ago with two TV stations—Washington and New York—spun off from Allan B. du Pont Laboratories, Inc. It now owns radio station WNEW, popular New York outlet, and last year picked up WHK, a Cleveland radio station. Currently, says a spokesman, negotiations are nearing completion with other stations. Kluge, a food wholesaler, bought out Paramount Picture's shares in Metropolitan earlier this year.

Shopping Promotions Are Reminder That Christmas Is on Its Way

Christmas shopping schemes are starting to pop up. Kelvinator, a subsidiary of American Motors Corp. this week announced a "Happy Holiday Purchase Plan." Starting Nov. 10, consumers can buy Kelvinator appliances without any downpayment; the first installment can be postponed until as late as Feb. 20. What's more, the three-year installment contracts will omit any December-January payments, to avoid "a temporary financial jam each year during the holiday period."

Top Value Enterprises, Inc., a leading stamp company, this week wound up a promotion to get consumers to spend their stamps before the Christmas rush. Forty percent of Top Value's redemption business is done during the holiday season. To spread this business, the company gave consumers an extra 100 stamps on each item if they acted by Oct. 31. Redemptions, it says, shot up.

Americans Buy Domestic Carpeting At Rate Far Ahead of Last Year

For all its worry over the growth of imports (page 47), the U.S. carpet industry seems to be heading for a banner year on the home front.

William A. Reynolds, treasurer and economist of the American Carpet Institute, said at the institute's annual meeting last week that shipments by U.S. carpet manufacturers for this year seem to be reaching about 150-million sq. yd., a 20% increase over 1958 shipments.

Dollar volume, too, is heading for a new high; it should reach about \$690-million at the manufacturer's level, up 23% from last year.

Even in Wilton weaves—where imports are booming— U.S. shipments ran 30% ahead for the first nine months. Wool consumption is the highest since 1950.



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YATTHY-ROLL BEARINGS

IN ROLLER BEARINGS HYATT IS THE WORD FOR MELIABILITY

Pru to Shorten 100-Year Loans

Giant insurance company backs its belief that interest rates will top 4% for something like 40 years.

Betting this way, it is beginning to take its option of converting its no-installment loans to five big corporations so as to recover the principal.

Thus, it will gain more funds to lend over again at the anticipated higher interest rates.

Over the next 40 years or so, the Prudential Insurance Co. expects longterm interest rates to stay well over 4%. This judgment is behind last week's announcement that the Pru intends "to begin converting its outstanding 100-year industrial loans into shorter-term ones." The conversion process began last Monday with exercise of an "escape clause" in the loan agree-ment with Union Carbide Corp., earliest of its 100-year borrowers.

Starting with Carbide (\$150-million) in 1951, the Pru made six 100-year loans to five corporations, each considered a prime credit risk. A total of about \$765-million is accounted for by these companies: Carbide with \$150-million, IBM with two loans totaling \$215-million, Chrysler with \$250million, Goodvear with \$23.5-million, and Olin Mathieson with \$126.3-mil-

Each loan agreement was based on the same formula: 100-year maturity, 31% interest payable annually, no repayment of principal required before the final due date. However, after a specified date (Nov. 1, 1959 in the case of Union Carbide), either lender or borrower had the option of converting to a more conventional 20-year or 25-year maturity, with regular sinking fund payments set up to liquidate the loan in that time. Under this option, the interest rate automatically drops to 31%. · Calling Them Back-What the Pru -the nation's second largest life insurer, 1958 assets of \$14.7-billion-wants to do is start calling back these dollars, which earn 31%, and relend them in smaller chunks at today's and tomorrow's higher interest rates. It is also tacitly admitting that it may have made a mistake in writing the century loans.

Prudential led the way in this experiment, and it is the one company that made substantial use of it among all life insurers. Metropolitan Life Insurance, the nation's largest, matched the Pru's loans to Union Carbide and Goodyear. (Mutual Life Insurance Co. of New York also has a \$3-million share in Goodvear.) The Met is going along with the Pru in converting the Carbide loan.

· Still Good Business-When the entire \$765-million is converted to shorter maturities, the Pru will be getting nearly \$2-million a year less in interest. Moreover, the conversion option in most of the loans provides that payments on the principal won't start until five years after the option is exercised. The insurance companies won't have the

money to relend during that period.

The companies took these angles into consideration and decided firmly in favor of a bid on continued high money rates. The Metropolitan's economists, acknowledged to be among the cagiest in the business, believe rates in the long run will stay high enough to make the conversion worthwhile even though they calculate that the principal collected from the converted loans will have to fetch an average rate of at least 41% before the loss in earnings has been turned into a profit.

On the remaining 100-year loans, the Pru can exercise its option with Olin Mathieson at any time, with IBM next year for one loan and in 1963 for the other, with Chrysler on Jan. 2, 1962, and with Goodyear on June 16, 1965.

· Reversing a Trend-The first 100-year loan, to Carbide in 1951, was a sharp reversal of the trend in lending by life insurance companies. Ever since the depression, these lenders had been stressing regular installment payments on their loans, whether they were \$10,-000 home mortgages or \$100-million commercial deals.

To understand why the Pru went into 100-year, no-installment loans, you have to recall the money rates of the early 1950s. Long-term, high-grade corporate bonds yielded less than 3%, compared with more than 4½% today.

· Wrong-way Hedge-Caleb Stone, then vice-president in charge of the Pru's bond department and now a partner in the investment banking house of Smith, Barney & Co., is generally credited with the idea of the 100-year convertible maturity. The way the Pru's bond men looked at it, this arrangement gave them a hedge no matter which way the money market

If interest rates went up, all the company had to do was convert the loansas it is doing-and put the cash flow back into loans at the higher rates. If money rates should go down, the Pru could sit back and collect its 31% interest. It would take a very sharp drop to make it worthwhile for the debtors to exercise the conversion option, and a clause, in effect, blocked them from refunding through a public bond issue at lower rates.

In hindsight, the Pru now admits the loans were probably a mistake. At the pace that interest rates have been rising in the last few years, it would have been more profitable to have had the \$765-million invested for a shorter

time, a faster turnover.

"At the time, though," says a Prudential man, "it looked like the best thing to do."

A Prudential spokesman and H. Hugh McConnell of the Met's bond department agree that it's not likely any more 100-year loans will be considered. A spokesman for Mutual of New York says, "It was a bad idea in the first place -we went along because we have a long history of lending to Goodyear.'

· Happy Borrowers-On the other hand, the corporations that borrowed the money feel the arrangement was

"What we got," says a high officer of one company, "was a huge block of new capital that, in effect, we could pay back when we got around to it. There was no way we could have obtained that much money for that long a time without paving the 33% rate.

Chrysler Corp. officials are equally enthusiastic about their 1954 deal. "When we closed this deal," a spokesman says, "we were also considering public financing. Quite frankly, we borrowed from the Pru because we got a better arrangement than we could have obtained in the open market."

Conversion of the loans doesn't seem to dismay the borrowers.

"We weren't at all surprised when the Met and the Pru decided to do this," says Kenneth H. Hannan, executive vice-president of Union Carbide. "The conversion won't have any effect on our operations; we can easily take care of the payments when they start in 1965." END



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Cloud-9 comfort on a few inches of foam: new forms in furnishings from the six fields of Firestone

Back in the eiderdown days of bulky beds and overstuffed chairs, furniture comfort was often directly related to cushion depth. Today, the comfort of a mattress, sofa, or even a car seat is no longer measured in thickness—thanks to the buoyant resilience of rubber foam. Manufactured by Firestone in a variety of shapes and sizes, this versatile material has freed the imaginative designer. It has

enabled him to bring furniture "up off the floor"—to make everything from gracefully contoured chairs to pallet beds only 4 inches thick. And it's lending its thin, trim look to traditional furniture, too. In the broad areas of research and development, as well as in manufacturing, Firestone has continuously served the vital needs of America's growing economy. Making the best today still better tomorrow

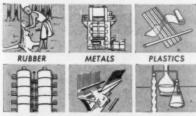
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Treasury Goes High Again

Terms for \$10.9-billion refunding are not quite so juicy as the "magic fives," but high enough to please the market and insure success of the operation.

Following up on its successful cash financing of "magic fives," the Treasury last week announced the terms of a \$10.9-billion refunding. The rates on its newest issues are not quite so rich as the 5% it put on its four-year-and-10-month note, but there's no doubt that the market was pleased and that the refunding itself would be snapped up.

Most institutional investors indicated that they would make the exchange. But the refunding will not see the stampede of small investors, who withdrew funds from commercial banks and trust institutions, to buy the "magic fives." For one thing, investors cannot buy the new issues directly, and for another, the rates of 43% on a one-year certificate and 48% on a four-year note will not have quite the appeal that 5% offered.

• Better Tone—The Treasury was able to offer slightly lower but still very attractive rates because the money market had been exhibiting a markedly better tone. The Treasury's willingness to pay going market rates is partially responsible for the pickup in prices—and the decline in yields. In addition, the steel strike has held down corporate credit demands, so the the Federal Reserve has been able to mark time rather than increase its pressure. This meant the Treasury was coming to the market at a time when credit conditions were relatively easy.

Actually, only \$8.9-billion in outstanding Treasury securities—\$7.7-billion in a 33% certificate and \$1.2-billion in 34% notes—were maturing this month. Private investors held only \$3.9-billion of these issues, with the rest in the hands of the Federal Reserve and government trust accounts. The Fed and the government accounts are sure to accept the exchange, and the difference between the yield on the maturing issues and the new ones is big enough to keep attrition—cash-ins—on the public's holdings to a minimum.

• Another Issue—Some dealers in fact thought that the Treasury could have "shaved" the yields it offered to, say, 4\frac{1}{8}\% on a one-year obligation and 4\frac{1}{8}\% on the four-year issue. But the Treasury decided to make its offer attractive, not only to prevent heavy cash-ins, but also because it included another issue, which has not yet matured, in the exchange.

These are the "two and a half by fives," a five-year Treasury security yielding 4% that was sold in 1957, and which allowed holders the option of

turning them in for cash in two and a half years. The option period is up in February, and in order to ward off a big cash-in at that time, the Treasury announced that holders can exchange them for the 4% issue now. If they don't make this exchange, they can turn them in for cash in February or else hold them until they finally mature in 1962.

From all indications, most holders of the "two and a half by fives" will either make the exchange or elect to take cash. That's because those who do not have any immediate needs for funds will be getting a big increase in yield if they make the exchange, and those who need cash will probably not hold on past February. As Herbert Jones of the New York Hanseatic Corp. puts it, "The refunding will result in the virtual elimination of the optional issue."

· No Other Surprise-Except for the inclusion of the "two and a half by fives," there was no real surprise in the refunding. Wall Street bond men pointed out that the Treasury did not have much freedom of choice. There had been a suggestion that the Treasury reopen the "magic fives," but officials were apparently reluctant to overdo their success in that particular issue. There also had been some talk that the Treasury might attempt to offer a small amount of long-term bonds at the ceiling rate of 41% or that it might attempt to offer only a long intermediate in the four-to-five year area, but Treasury officials apparently decided to play it safe, in order to lessen chances of a big cash-in.

The Treasury still hopes that the 4½% ceiling on sales of obligations with a maturity of more than five years will be lifted during the next session of Congress. Its officials feel that if this happens, at least a modest amount of long-term debt can be sold. In the meantime, they are trying to put more and more of their debt into the longer end of the intermediate range.

• Treasury's Hopes—Last July, they sold a 4½% note with a four-year-eightmonth maturity. Last month, it offered the four-year-10-month note that yielded 5%. Now it is offering a four-year note at 4½%. The Treasury is hoping that most of the holders of the maturing securities will want the longer note rather than the one-year certificate.

Treasury officials say that the public response to the new refunding will not match the overwhelming demand for



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Transportation. The Valley is North America's new front door, port for the Seaway which brings northern Canada, the U.S. and Europe closer together by days. Now building is a super-highway net to link the Valley with the metropolitan American belt stretching from Boston to Milwaukee.

Development of natural resources is well under way. Major iron and steel companies are operating mines in the area. Natural resources such as limestone, graphite, talc, lead and zinc are also being exploited. Hardwoods are abundant. A huge share of the area's milk production ... a billion-plus pounds a year . . . is immediately available for industrial uses. Electric power is plentiful at low rates and the water supply is limitless . . . the St. Lawrence River has the second largest water flow in the world (only the Amazon has

The business climate is favorable. People here are enthusiastic about industrialization. Labor-management relations are good and labor productivity extremely high.

Already established in the Valley are such industries as aluminum refining, automotive castings, paper and dairy products. Opportunities in related fields are plentiful, especially in woodworking, metallurgy, metal fabrication and the manufacture of electrical components. Sites, many of them on the River, are available. For specific information, contact the Director of Area Development, Niagara Mohawk Power Corporation, Dept. BW-11, Erie Blvd. West, Syracuse 2, New York.

NIAGARA MOHAWK the "magic fives." But they think that the interest stirred up by the "fives' may spill over into the current refunding. Small investors who do not hold the maturing issue can buy them in the market, then take the exchange. Or they can wait until the exchange is made and then buy.

To help encourage individual buving the Treasury is making the new 47% note available in registered form, which means that it will be made out in the name of an individual who will receive interest payments by mail rather than by clipping coupons. In the past, registration has applied only on longer-term issues, but the Treasury now feels that individual buyers deserve the benefit of being protected against loss and the convenience of getting interest payments automatically.

· Drain on Deposits-Some individuals will be tempted by the high rate, but commercial bankers and savings bankers both feel that this will not result in any big drain on their deposits. As one banker put it, "Individual savers are getting more sophisticated, but they are not so sophisticated as to know the intricacies of buying in a refunding."

More important, the psychological impact of a 5% rate was, in itself, the key to the rush demand by small savers. Any rate below that does not have the same appeal, and individuals are not likely to make a big switch, especially when they cannot subscribe directly.

Nevertheless, the bullish tone now prevailing in the money market was helped by the terms of the new refunding. Many dealers are now saving that the bottom for bond prices has already been seen. Few think that prices will rise sharply-and vields fall-but they are hopeful that the roller coaster declines of the past few months have been checked. One dealer expressed it this way: "We seem to be building a plateau rate."

There is no doubt that this was the Treasury's intention when it issued the "magic fives". In coming out now with issues close to 5%, it is confirming its intention to pay the going price. It is now considered probable that 5% will be the anchor rate as long as Fed policy This means that remains restrictive. rates may rise slightly above 5% or slightly below, but there will be no real shift. And at this level, the Treasury expects individual interest to remain high.

Treasury officials express themselves as well satisfied with the results of the "magic fives" financing. But this does not mean that they want to see the same kind of individual demand by individuals developing again. For this hurts the Treasury's own savings bond program and also hit the banks and



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In Finance

Corporate Holdings of Governments Remain Heavy in the Third Quarter

Corporate third-quarter balance sheets now being released reveal massive holdings of U.S. government securities. In fact, Wall Street money market dealers report that corporations on balance are still buying governments, which now amount to some \$20-billion compared with a low of \$13-billion in June, 1958.

So far, most balance sheet changes chiefly reflect seasonal swings, with nearly all corporations experiencing a temporary drain in September due to dividend and tax payments. Specific industries have their own special changes. The motor companies, for example, have substantial sums tied up in new car inventories; as these move into the public's hands, the burden will be transferred to the finance companies and a cash inflow will start up.

The money market anticipates a reduction in corporate holdings of governments in December to cover dividend payments, and a big divestment by March for income tax payments. But, so far the corporations are still swimming in cash.

Insurgents Routed in Bid to Control Lutheran Brotherhood Life Insurance

Insurgent forces lost a bid last week to gain control of the Lutheran Brotherhood Life Insurance Society—second largest fraternal life company in the nation, with \$1.1-billion insurance in force.

Management, led by Carl F. Granrud, president for the past eight years, won its victory at a stormy, decidedly unbrotherly convention attended by 1,193 delegates at Minneapolis, the society's home base. It seated, by comfortable margins, four management candidates for 12-year terms, giving Granrud's group control of the board by a 10-2 edge, instead of its previous 7-5 margin.

Granrud, who had been charged with "ruling by fear and favor" and with discharging agents without cause, was not bothered by the division in the ranks. "The fight brings us a lot of business," he said, adding that sales during the first nine months were up \$50-million—40%—over the comparable 1958 period. This compares with an industry rise of only 7%.

Premium Rates on Savings Bank Accounts Weighed by New York Banking Dept.

Premium rates on savings bank accounts are being considered by the New York State Banking Dept. as a means of raising the present state ceiling on dividend

rates and of wooing savers. The Banking Dept. has three proposals in mind—all of which would require legislative action. Spokesmen say the department won't press for legislation until it is that assured the savings banks could pay the higher rates without harm to their surplus reserves, but it is known that the department is out to check the recent move by savers toward higher-yielding government notes.

Under the three proposals, the banks would issue:

• Three-to-five year certificates; at three years, the certificate might pay ½% above the base rate of 3½% per annum, at five years, it might pay 1% above the base rate

 A special type of deposit at premium rates—with depositors unable to withdraw funds until they had given 90 days' notice.

• Debentures, paying a flat rate of 4% or 41%.

Antitrusters Throw a Monkey Wrench Into Milwaukee Bank's Acquisition Plan

The heavy hand of the Justice Dept.'s Antitrust Div. fell this week on plans of Milwaukee's Marshall & Ilsley Bank to acquire one of its competitors through a bank holding company. Branch banking is prohibited in Wisconsin, and M&I had sought to use instead the holding company device—as have its two principal competitors, First Wisconsin National Bank and Marine National Exchange Bank.

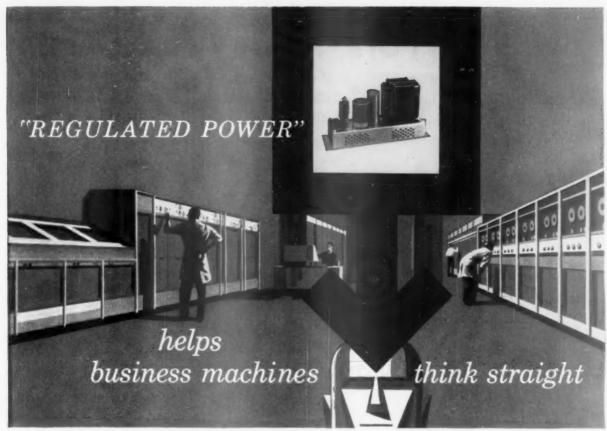
Last September, the Federal Reserve Board approved the application of Bank Stock Corp. of Milwaukee-created and controlled by M&I-to acquire 80% or more of the stock of M&I and Northern Bank, fourth largest in Milwaukee with deposits of about \$50-million. But Fed governors C. Canby Balderson and J. L. Robertson dissented strongly from the majority ruling, saying that if M&I's plans were allowed, "significant actual and potential competition" between the banks would be eliminated.

This dissent caught the eye of the trust busters, who asked M&I to put a moratorium on their plans until Dec. 3. M&I said it would wait, but only until after a conference between its attorneys and the Justice Dept. The conference was scheduled for late this week, but M&I's plans were still up in the air, depending on what Justice decides to do.

Collections Lag Due to Steel Strike

The steel strike is beginning to have an impact on collection payments on installment loans, according to the Installment Credit Commission of the American Bankers Assn.

Delinquency percentages for the month of August increased slightly all across the board, and, although the commission notes that seasonal factors must be taken into account, it warns that the trend reversal, the first increase since February, must be watched. In fact, a spot check this week indicated that delinquencies have risen in both September and October.



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Anchor Manufacturing Co., Manchester, New Hampshire;
Bauer-Schwatzer Malting Co., Inc., San Francisco, California.

MILWAUKEE, WISCONSIN

How New York Won World's Fair

The move started with a father's wish to give his children a chance to see a fair like the one in 1939-40. It picked up with business backing, and the city succeeded in standing off claims by rival cities for the 1964 date. Next move: sale of \$150-million worth of bonds.

A quarter-century after mounting their dreams for all humanity to see at the 1939-40 World's Fair, the world's governments and corporations will be back at the old stand with new exhibits

of their aspirations.

Now that the 1964 fair is assured for New York, they can once more exercise their imagination. Since 1940, many of that fair's miracles-color television. automation, jet propulsion-have become almost commonplace. But, except for last year's Brussels fair, there has been no world's exposition any-

where in all that time.

New York had little trouble in getting the 1964 date. Pres. Eisenhower's commission took only six days to decide which U.S. city to recommend. In the hospital for his checkup, the President agreed on New York the same day-rather than waiting to return to his desk. And before the International Bureau of Expositions met in Paris this week, the only other country with an interest-Austria-withdrew because it wants to wait a few more years.

• Building Up Interest-Preparations for New York's proposal began last winter. The 1939 fair was conceived during the Depression, when the whole nation needed a stimulant, but the idea , for the 1964 fair was hatched during a

Robert Kopple, a lawver who represents major property owners in utility rate cases, just thought one day that "it's time New York had another world's fair." His reasons were personal. He was part of the 1939 fair, as operator of a voice recording booth, and he thought his young daughters ought to have a chance to see a fair before they grew up. His personal motivations gained economic and civic support. Businesses welcomed the chance of a new stimulant that such a fair would represent (the 1939-40 fair drew 45-million paying customers in two summers), and City Hall was looking for a way to celebrate the 300th anniversary of the British take-over from the Dutch.

• Forming a Committee-After a luncheon of the Mutual Admiration Society, a luncheon club to which both belong, Kopple approached an acquaint-City Administrator Charles

Preusse, with the idea. Preusse liked it. They sounded out businessmen individually to see what kind of support the fair would have. When they were sufficiently encouraged, they met with

Mayor Robert F. Wagner.

Because it was still premature for official city endorsement, Kopple formed a private committee and filed an application with the International Bureau in Paris. To head the small committee, Preusse last April suggested public relations man Thomas J. Deegan, Jr. (picture, page 72), long a right-hand man for the late Robert R. Young and more recently a public relations coun-selor to Radio Corp. of America at the Brussels Fair and this year's Moscow Fair.

• 20 at 21-Still working behind the scenes, Deegan, Preusse, and Kopple met for drinks at 21 last June 3 with a group of 20 businessmen. They had talked with the businessmen individually; now they wanted them to commit themselves as a group. They did. All that remained was the best timing for a public announcement. But that had to be held up while Deegan went to the

Moscow fair.

On Deegan's return on Aug. 4, Mayor Wagner felt the timing was right-particularly with the new international mood brought about by the Moscow fair and by the imminent visit of Premier Khrushchev to the U.S. On Aug. 12, the mayor announced he had chosen Deegan to head the group seeking a fair for New York. Next day, Parks Commissioner Robert Moses announced that the 1939 site-enlarged by 40 acres to 1,257 acres and now known as Flushing Meadow Parkwould be available.

· Competing Cities-After this, there was little that New York could do until Pres. Eisenhower appointed a commission on Oct. 10 to look into a 1964 fair. He named Harry A. Bullis, former chairman of General Mills, as chair-

When the commission heard applications on Oct. 23, New York's main competition was from Washington. Seattle was mainly concerned that a 1964 world's fair would take some punch out of its Century 21 exposition



in 1962. A Los Angeles real estate man and industralist, J. A. Smith, applied in behalf of that city, but his bid lacked official endorsement-it actually was opposed by the Los Angeles Chamber of Commerce.

The Washington group, however, made an elaborate case. The Board of Trade and the New York real estate firm of Roger L. Stevens, which had been hired to manage the fair if Washington got it, presented an argument that included plans by Victor Gruen. Washington proposed to build a whole new community in Prince Georges County, Md. Its pitch was that the fair's capital costs would be amortized over a long period by finding permanent uses for the fair's buildings, such as a world trade center.

· New York Wins-The Bullis commission found in favor of New York, though. It probably saw appeal in New York's undeniable advantages: larger population concentration, availability of a site at \$1 a year, the city's role as world capital with its United Nations headquarters, its greater facilities for feeding, moving, and housing people. Of the 11 World's Fairs staged in the U.S., New York has had three already. By contrast, the commission asserted that "permanent projects . . . are more in keeping with Washington's unique character as the home of our nation's enduring institutions.'

With Pres. Eisenhower's approval in his pocket, Deegan quickly announced that his client, RCA, would be the first exhibitor to sign. The group named John W. Hanes, industrialist (Olin' Mathieson Chemical, U.S. Lines) and former Under Secretary of the Treasury, as finance committee chairman.

• Next Moves-After his return from



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THOMAS DEEGAN, chairman of the fair committee, was Robert R. Young's public relations counselor, now has own agency.

Paris this week, Deegan will begin to whip plans into shape. By year's end, he hopes to have lease terms prepared for exhibitors. When the New York Legislature convenes in January, he will seek legislation enabling the nonprofit corporation to sell \$150-million in bonds.

For temporary working capital, Deegan already has \$85,000 in gifts from corporate members of his outfit and a line of \$10,000 credit from each of three banks.

Deegan says he expects little trouble in selling the bonds. (The 1939 fair corporation had to sell only \$28-million worth—it wound up with an \$18.7-million deficit.) He looks for purchasers both among businesses that stand to benefit from the fair without participating in it—hotels, merchants, airlines, railroads—and among exhibitors who will want to be sure the fair is a success.

• Budget—Precise estimates of income and expenditures have not yet been made, but Deegan guesses the corporation will take in \$200-million from leases, concessions and admissions. The money will go for the fair corporation's staff, promotion expenses, site improvements, and such items as the execution of a theme design as successor to 1939's Perisphere and Trylon. (The Washington group estimated expenditures at \$139-million, figured it would get \$86-million by selling off its assets after the fair is over.)

Mayor Wagner emphasized that no city, state, or federal funds will be needed, except the cost of these governments' own exhibits. New York City will add \$100,000 to its next capital budget to speed up work on arterial highways serving the fair. END

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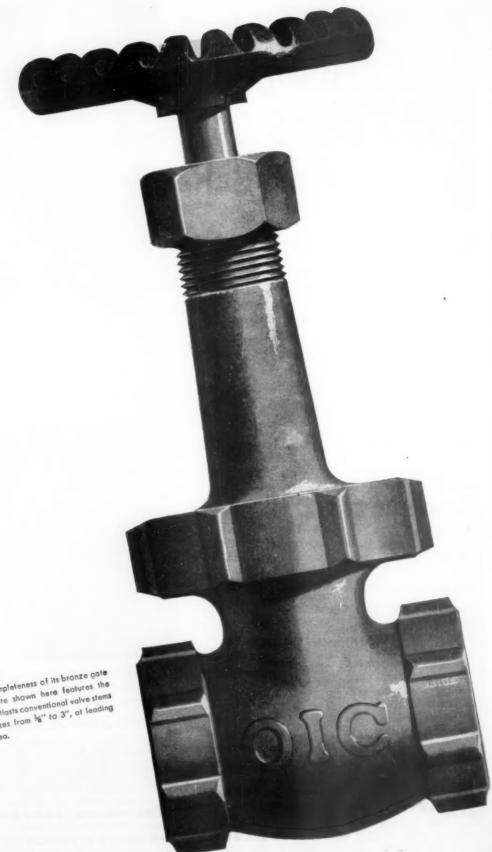
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latest integrated data-processing methods to assure you of getting the valves you need, when you need them. When can we give you all the facts about the new OIC creative approach, and the many advantages it offers you?





TEACHER Robert Gerrity explains oscilloscope. Levittown lab has one in each task area serving three students.

PUPILS set up voltmeter to make sure that power is properly regulated for each experiment.





DEMONSTRATION circuits, complete with power, are tested by students so that they'll be able to . . .



... Build industrial-type models of the same circuit. In this picture, student solders a connection for a transistor package.

Training Ground for Technicians

Public schools are helping to meet the shortage of skilled workers by adding technical education programs.

"You need six technicians for every engineer," says a rule of thumb in industry. Otherwise, engineers have to waste time and training on jobs that could be done by less skilled men. The question is where to get them.

The pictures on these pages point to one answer. They show students at Division Ave. High School, Levittown, N. Y., being trained as technicians in the school's new \$50,000 electronics laboratory. The program is a fruit of the National Defense Education Act of 1958 which authorizes the government to spend \$15-million a year for four years to help states expand vocational education "to meet national defense requirements for personnel equipped to render skilled assistance in fields particularly affected by scientific and technological developments."

There are no figures on the number of technicians in the U.S., but the shortage is evident. To many people, it's scandalous and dangerous, not only because of U.S.-Russian rivalry, but because of our need for more and more qualified people to run an expanding, increasingly complex technology.

• Schools Rule—Public schools are an obvious place to look for potential talent. The schools have long experience in industrial education. Both industrial and technical programs are designed to increase students' employability. But there's a difference, Industrial (or vocational) education emphasizes manipulative skills, prepares a student for work in such fields as automobile repair and machine shop. A technical education emphasizes brainwork and theory, training for jobs in fields like missiles and computers.

The problem is that you can't train the two in the same class. Yet vocational and technical education are close enough together for the lessons learned in one to be applicable to the other, and some public school systems have been in technical education for years.

The government allotment will boost the training of technicians, but this may not be enough by itself. The Los Angeles area alone requested more funds this year than the entire federal allotment for all California. But it can make a real difference.

The Levittown electronics laboratory

THEORY is important for technicians, so the blackboard plays a big role in classes.



OFFICIALS from Long Island electronics companies who helped plan laboratory inspect equipment, hear report from vocational supervisor Bernard F. Rappaport (standing).



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is a case in point. The lab has been in use since September, with the last of its equipment installed this week. Long Island electronics executives agree with Bernard F. Rappaport, Levittown supervisor of vocational education, that the program will produce people their companies need. The project would have been impossible without federal aid, because Levittown has an unusually tight school budget.

I. The Problems

Administrators of some of the most active technical education programs feel that there are many problems to be solved before a program is adequate for current needs. These include:

Knowing what you want to produce. "Technician" ranges from a highly skilled production worker to a junior engineer. Specific courses must be designed in terms of local needs. There is a tendency, however, to expect technician education to produce people with a head start in industrial training.

Getting the right kind of students. Educators and executives agree that only bright students make good technicians. Unfortunately, they're the ones who often don't want to stop at the technician level, even when they might be better off there than trying for engineer or other college graduate status.

Giving potential technicians a complete education. Many high school programs require technical students to take basic college requirements as well as their specialized courses. The difficulty of cramming both academic and technical subjects into a three or four-year curriculum is one of the factors behind the trend to train technicians in junior or community colleges after high school.

Setting up a curriculum to keep pace with changes in technology as well as with basic industrial needs. Working closely with industry is one answer, another is to keep courses as much as possible like on-the-job training, at the same time providing a thorough grounding in theory.

Getting the right equipment. Many schools with up-to-date courses have to make do with homemade equivalents of industrial tools, or can't get enough for each student, or can't afford demonstration models of expensive units.

Getting the right kind of teachers. Technical training admittedly is one field where educational courses alone don't qualify a teacher. Too few schools have professionals to teach their specialties. Some are afraid of classrooms, others shun low teaching salaries.

Getting the money to solve the other problems. Besides federal aid, there are two ways to supplement the budget. One is to set up technical schools to service more than one community, as Wisconsin does. The other is to use



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technical schools to upgrade workers who may be able to pay a small fee or who will help attract industrial sup-

• Industry Helps—Industry generally can be counted on to help solve the money pinch—as well as many of the other problems. The programs exist basically to serve industry, and most technical and vocational schools have advisory boards from local industry. But some educators report that businessmen are freer with advice than with donations of equipment or money, and a few say it's hard work to rouse industry to the need for active participation.

Businessmen are eager to grab technical graduates, and many report they can advance these graduates more rapidly than people with academic or ordinary vocational training. In some cases, industries have sparked new programs to meet their needs in localities with technical education facilities.

II. The Levittown Approach

Levittown's Union Free School District 5 tackled these problems by a combination of planning and cooperation with the surrounding Long Island electronics companies.

Levittown needed a technical program because its population is at once college-minded but not rich, says vocational director Rappaport. One result is that two-thirds of the students qualify for college, but only a third actually go. So a program to upgrade the group not destined for college was welcome.

Local electronics executives felt that a technical course could either prepare students better for college engineering, or would increase the potential of boys and girls who would go right to work for them.

• Prestige Course—Rappaport set out to get the right kind of students by setting up a screening system that gives the electronics courses prestige. The school first restricted entrance to student with IQs between 115 and 160 and in the upper quarter of every phase of a differential aptitude test. Of those remaining who were interested, half were weeded out by a scientific aptitude test. As a result there are now 70 tenth and eleventh graders in two classes. Eventually there will be 108 to 120 in three classes. Supt. of Schools Fred Ambellan says, "It's like getting into MIT to get into these courses. People stop me on the street asking how to get their kids in."

• Curriculum—Each electronics class lasts 1½ hours, so students carrying it attend school for an extra period each day. Otherwise, they take a normal academic program, insuring a complete high school education and college preparation—four years each of English, social studies, and science; four years of

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Photograph by Bruce Dayidson

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math; three years of foreign language; plus trimmings such as physical education.

The electronics curriculum is geared to modern technology to eliminate traditional—but needless—emphasis on "AC-DC, motors and generators" that hang on where electronics courses grow out of old courses in electricity.

The course starts with the use of the slide rule and color codes, goes rapidly through direct current theory, alternating current theory, and vacuum components to such esoteric fields as thyratrons, the theory of transistors and potentiometers. After the first six weeks this fall, students were quizzed on Thevenin's equivalent, a method of simplifying analysis of complex circuits—a subject usually taken up in the second year of college.

• Modern Equipment-The classroom is equipped in keeping with the curriculum, with "task area" work benches accommodating three students. Each has power outlets regulated from a central bank backed with Plexiglas so the students can see what's going on inside, and each is equipped with an oscilloscope, metering devices, wave and signal generators, and hand tools. Items like radar equipment also are available. Demonstration circuits are mounted in blackboard-type frames so they can be plugged into each other in various combinations, and each student works on an industrial version of each circuit demonstrated. The lab has a total of 400 pieces of brand new equipment. As much as \$8,000 worth may be obsolete in two years-testimony to the problem of keeping technician training up to

• Chief Supplier—The \$50,000 federal grant solved the main problem of the equipment, but it would have been hopeless for the school board to deal with the 80-odd suppliers of different items. It turned to the Labpower Div. of Associated Products & Service Co., a leading supplier of science teaching equipment. Associated buys much of the equipment from manufacturers such as Radio Corp. of America and Philco Corp., but itself made the work bench, power distribution equipment, control switchboard, and other items.

Carl Krause, president of Associated, says the Levittown installation is one of five his company is now finishing, and that the company does about \$1.5-million in over-all sales (it also makes specialized power supplies like those for atomic submarines). Associated's volume has doubled each of the seven years it has been making technical school equipment.

• Teacher-Levittown solved its last problem-getting the right teacher-at the last minute. Robert Gerrity, an engineer with Brookhaven National Laboratories for three years, was in-

terested in teaching. The salary differential was not so great, but Long Island manufacturers expect to get him summer employment so he can supplement his income and keep up with technological advances.

III. Other Approaches

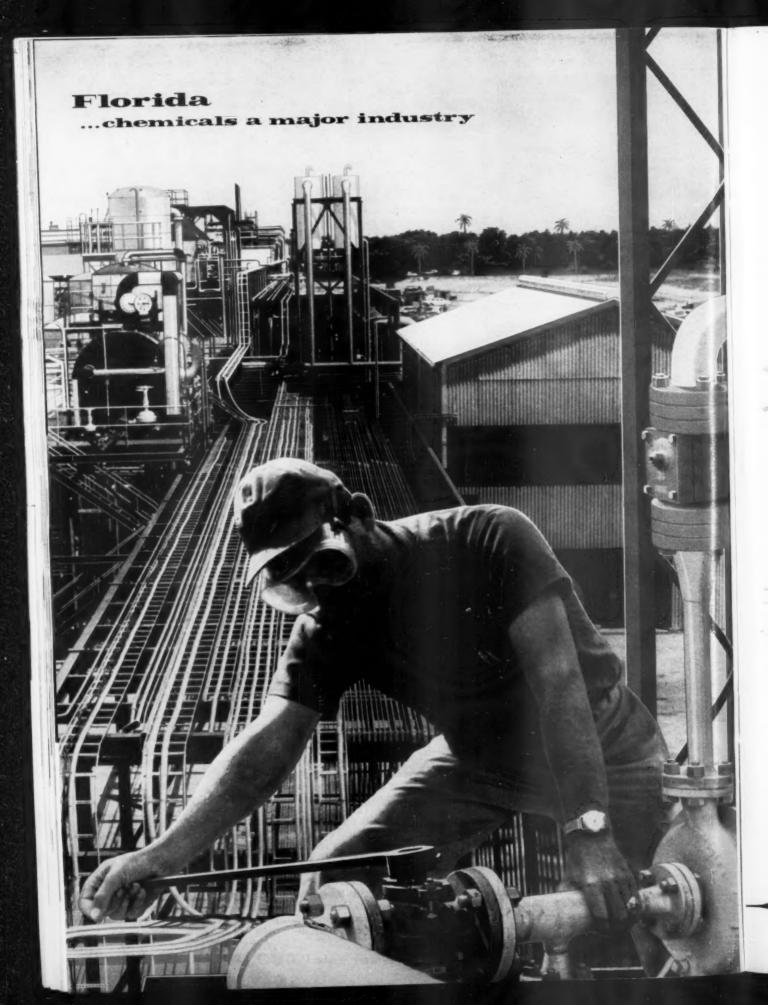
Many communities around the country equal or outshine Levittown's onecourse example. In the San Francisco area, for instance, two two-year, tuitionfree colleges have well-equipped electronics departments. One, Foothill College in Mountain View, started up in an old elementary school because there was too much demand to wait for its \$10-million campus, which will be completed in 1961. It has \$150,000 worth of equipment donated by industry-including a \$75,000 videotape recorder being assembled by students. The other, San Jose City College, has two labs-one for general electronics, one for vacuum tube technology

Another approach to this kind of training is to put it in the high schools, but outside the high school program. Waukegan Township High School, near Chicago, has "college level" technician training in chemistry, machine design, and metallurgy as well as electronics. Other fields in which U.S. technicians are being trained include metallurgy, lumber, petroleum and chemical processing, aviation, and printing.

• Academic Example—Some educators think technical training can profit by taking a leaf from academic programs. New York's Stuyvesant High School, for example, sends 98% of its students to college and furnished more of this year's Ph.Ds than any other school in the U.S. But its teachers agree that its courses in mechanical engineering, electrical engineering, radio and electronics, and its cyclotron—to be completed next June, the first in a U.S. high school—would be adaptable and desirable for training technicians who probably would not go on to college.

• Get Them Early—The possibility of starting technical training at earlier ages was demonstrated in Santa Monica, Calif., last summer. Twenty students from the fourth, fifth, and sixth grades were taught computer programing and worked out a relatively complicated problem on an IBM 709 computer.

"We knew we could start from scratch because 9-to-11 year olds aren't confused with facts," says Warren Pelton of System Development Corp., who set up the program. "They have no inhibitions in mathematics and logical sequence. And they haven't been conditioned through the normal type of arithmetic presentations." That may be the key to a more radical way of providing better handlers of the technology of the future. END



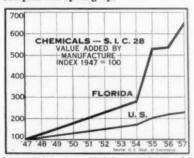
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Every part of the state has shared in the chemical industry's growth. And in northwest Florida, where ground water is exceptionally pure, a vast chemical complex has sprung up.



Increase In value added by manufacture in chemical industries in Florida is at a rate almost four-and-one-half times the national figure.

NATURAL GAS SPURS DEVELOPMENT

Natural gas, which has been a vital element in the Pensacola and Tallahassee areas for some time, is now available in all important industrial areas.

Florida's well established paper industry provides the basis for many chemical operations. ARIZONA CHEMICAL COMPANY in Panama City, for instance, produces tall oil and rosins from by-products of its neighbor, the International Paper Company.

GLIDDEN COMPANY'S plant in Port St. Joe utilizes by-products of the St. Joe Paper Company to produce tall oil and fatty acids which are used in the manufacture of inks, linoleum and many other items. In Jacksonville, Glidden is building a plant to produce terpene chemicals and synthetic menthol.

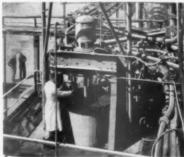
PLASTICS GROWING IN IMPORTANCE

RAYONIER, INC., makes chemical cellulose, used in a wide variety of plastics as well as synthetic yarns, in its 600man plant at Fernandina Beach. Es-CAMBIA CHEMICAL CORPORATION, near Pensacola, produces polyvinyl chloride resins as well as ammonia and its products. In 1958, facilities were added to produce methanol, or wood alcohol.

American Cyanamid Company produces Crestan acrylic fiber in this multi-million dollar plant near Pensacola. In the related field of plastic fabrication, manufacturers are finding ready markets in Florida. Carlon Products, Inc., High Springs, opened a plant last June to make plastic sewer, water and gas pipe for Florida's prosperous building industry. Fabriform Plastic Company, Jacksonville, began operations in 1958 to make nose cones for rockets.

CHEMICALS FROM FLORIDA MINES

The state's phosphate mines, which produce almost a third of the world's supplies, are the source of an everincreasing variety of products. Chemical fertilizer in enormous quantities is produced by such companies as Armour Fertilizer Works, Bartow; Swift & Company, Agricola; U.S. Phosphorus Products Division, Tennessee Corporation, Tampa. Phosphorus and phosphoric acid, derived from phosphate, are used in oil refining, metal coatings, dyes, foods, drugs, animal feeds and a host of other products.



Uranlum salts are a by-product of phosphate production. Shown here, removal process at the Bartow plant of International Minerals & Chemical Corporation. An 80-man research laboratory is maintained by the company for development of new products and methods.

INDUSTRY IS WELL DIVERSIFIED

CHEMSTRAND CORPORATION employs more than 6,000 at its Pensacola nylon plant. AIR PRODUCTS, INC., makes liquid hydrogen and liquid oxygen in multimillion dollar plants at West Palm Beach and Patrick Air Force Base.

In Port St. Joe, MICHIGAN CHEMICAL COMPANY opened a multi-million dollar plant this year to extract magnesium oxide from sea water. In the same city, ALLIED CHEMICAL & DYE CORPORATION opened a plant in 1957 to make aluminum sulphate.

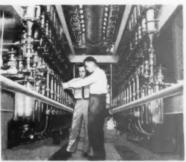
In the Miami area, the insecticidal, cosmetic and chemical specialties industries have shown rapid growth.

For paint manufacturing, in which Florida employment has increased 67 per cent in the last two years, the state supplies such raw materials as titanium, tung oil. tall oil and fish oil.

AN IDEAL INDUSTRIAL CLIMATE

Industry has found in Florida ideal year-round working conditions, a favorable tax structure and ample manpower. During the last ten years, manufacturing employment in the state has increased 101 per cent, as compared with a 10 per cent gain for the nation as a whole in the same period.

As industry expands, so do Florida markets. The state's population growth rate is three times that of the country as a whole. Four-and-a-half million people now live in Florida, and their purchasing power is amplified by a yearly tourist influx of nine million.



Vortraps or "wet cyclones" clean alpha dissolving pulp at the Buckeye Cellulose Corporation plant at Foley. The plant furnishes pulps to makers of cellophane, plastics, coatings and rayon. A 20 million dollar expansion completed last May doubled Buckeye's facilities.

WRITE FOR INFORMATIVE SURVEYS

This is the eleventh in a series of industrial advertisements. A file folder, *Profile of Progress*, is available through the Industrial Services Division of the Florida Development Commission, covering:

Markets, Manpower, Transportation and Ports, Climate and Living Conditions, Taxes and Government, Research, Materials and Resources, Power and Water, Industrial Growth.

The Industrial Services Division will assist in screening available plant sites throughout Florida without revealing company identities. It will gladly provide concise facts and information tailored to the needs of any company which is interested in Florida as a possible location. All inquiries will be held in strictest confidence.

Write today to B. R. Fuller, Jr., Executive Director, Florida Development Commission, 3903-3 Carlton Building, Tallahassee.

See industrial Florida for yourself. Write State of Florida, Dept. B, Carlton Building, Tallahassee, for new, 100page color Vacation Guide Book to help plan your Florida tour.

In Production

When Winter Comes, Homebuilding Continues Under Plastic Bubbles

Construction can go on the year around under these translucent plastic bubbles. Milliman Bros., Inc., a Minneapolis contractor, expects to use three of the air-supported structures to turn out two completed homes

per week regardless of weather. Each of the 40 x 70-ft. plastic domes can completely enclose the 24 x 44-ft. homes Milliman is building. On bleak days, auxiliary heating units will be needed to keep things at shirtsleeve temperature.



But when the sun is shining, its rays alone will do the trick. G. T. Schjeldahl of Northfield, Minn., manufactures the polyester plastic buildings.

Wood Chips Sail to Pulp Mills In Rubber and Plastic Containers

Strings of seagoing rubber bags filled with pulp chips may soon be a familiar sight in logging areas.

Puget Sound Pulp & Timber Co., Bellingham, Wash., one of the Northwest's larger independent pulp mills, is

trying out the towable bags to transport wood chips it buys from saw-mills in Washington and British Columbia. The conventional way is to use barges, which have to be towed back empty.



Crown Zellerbach Canada is taking a slightly different approach to the same transportation problem. It is experimenting with 8-ft.diameter plastic sphere (picture) for floating out chips from the interior. C-Z's plastic bubbles divide in half, and the halves nest for return by rail or truck.

Carrier Corp. Pilot Plant Freezes Sea Water, Converts It to Fresh

Carrier Corp. is now turning salt water into fresh by its freezing process in a pilot plant capable of producing 15,000 gal. a day. The equipment is in operation at Carrier headquarters in Syracuse, N. Y., but in the spring it will be moved to seashore site.

The freezing process offers hope of costing less than the many other ways that have been tried for converting sea water into fresh. Except in remote and arid areas, the cost of other methods is prohibitive. The advantage of the freezing approach is that, at least in theory, it should require less energy than distillation processes.

The principle behind the freezing method is that as water freezes, the icy crystals formed are pure water. The problem is to get rid of the salt trapped between the crystals with some sort of flushing system. Carrier scientists have also had to worry about how to keep the icy slush from sticking to various surfaces, how to figure flow rates, and how to develop refrigeration machinery best suited to the process.

So far, Carrier has been concocting its own sea water mixtures in Syracuse, but later it plans to import the liquid by tank car.

Production Briefs

Largest Great Lakes ore carrier under the U.S. flag —730-ft. long with capacity for about 25,000 tons of iron ore—will be launched next month. Great Lakes Engineering Works is building it for Bethlehem Steel Co.

An order for five Sikorsky S-61 twin-turbine helicopters makes Los Angeles Airways the first whirlybird carrier to switch to gas turbine engines. When they begin going into service late next year, the 28-passenger, \$65,000 craft will halve the seat-mile cost of operating present piston 'copters, the airline estimates.

After three years of planning by a 60-man team, construction began this week on Westinghouse Electric Corp.'s new multimillion-dollar power transformer plant near Muncie, Ind. The T-Shaped, 10-story layout will be the company's largest single capital expenditure ever.

The first pre-packaged liquid-fuel rocket engines to qualify as operational are coming off the line at the Reaction Motors plant of Thiokol Chemical Corp. in Bristol, Pa. The plant opened formally this month. The engines will power the Navy's Sparrow III and Bullpup guided missiles. They eliminate the need for long countdowns before firing—and thus may be an answer to rival solid-fuel engines (BW—Jun.21'58,p116).

The Assn. of American Railroads has tested and approved a design for prestressed concrete crossties that promise longer life than timber ties. American Concrete Crosstie Corp. of Tampa is making the first of the new models for test installations on the Seaboard Air Line and Atlantic Coast Line. Concrete ties of slightly different design have been in successful use in Europe for several years.

Genesco Corp. reports three innovations in shoemaking: (1) attaching a vinyl sole to an upper by injection-molding rather than by stitching to give a watertight seam in a flexible shoe. Genesco says the vinyl sole may outlast the upper, reversing the usual pattern of shoe wear. (2) "Evershine" leather, specially treated to repel dirt and moisture and to need no polish. (3) experiments to see if scrap elastic left over from cutting women's girdles can be used instead of new material in shoe gores. Genesco this year acquired Formfit Co., a girdle maker.



known to shippers from Texas to the Eastern Seaboard as Great Southern Trucking Co. and T.S.C. Motor Freight Lines.

"Big R"Service has been built by Ryder management and personnel using the most modern equipment and facilities, and the newest operating methods. Ryder service is as fast, safe, and dependable over the long haul as it is at the local level. When you want the finest, call on Ryder!

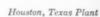
Other divisions operating under the "Big R" banner of service are Ryder Tank Line (in 25 states), Ryder Truck Rental (throughout the U.S. and Canada), and Ryder Leasing, Inc. (all types of equipment in the U.S. and Canada).

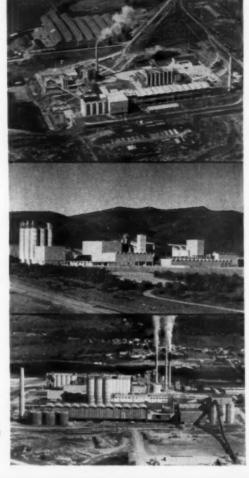


RYDER TRUCK LINES

DIVISION OF RYDER SYSTEM

General Offices: Engle Building, P.O. Box 33-816, Miami, Fla.





Tijeras, New Mexico Plant

Ada, Oklahoma Plant

IDEAL CEMENT COMPANY'S THREE NEW PLANTS ARE THE SHOWPLACE CEMENT PLANTS OF THE NATION

Recently completed Ideal plants at Houston, Texas; Ada, Oklahoma, and Tijeras, New Mexico, are highly instrumented and as modern as any cement producing plants in the world. In addition these highly efficient cement plants feature some of the most outstanding contemporary uses of architectural concrete to be found in any industrial plant design today.

They are the newest additions to a completely modern production and distribution system of 17 plants and 5 terminals in the South, West and Pacific Coast regions, ready now to supply the cement for America's growth in the next decade.



IDEAL CEMENT COMPANY

DENVER. COLORADO

LISTED ON THE NEW YORK AND PACIFIC COAST STOCK EXCHANGES

SERVING SOME OF THE MOST RAPIDLY GROWING MARKETS IN THE UNITED STATES



Electronic Guard

Minneapolis-Honeywell has an electronic system that is more efficient than manned patrols in watching plant.

A remote-controlled guard system utilizing all the wizardry of electronics—noise detectors, closed-circuit television, sound wave generators—has been developed by Minneapolis-Honeywell Regulator Co. The device can keep tabs on what is going on in a plant much more effectively than human patrols, can cut down guard-manning requirements by 50%, according to one estimate. In many cases, one guard can take over the responsibility for the security of a large plant. Without leaving the central control station, these guards can:

 Admit authorized plant personnel by means of closed circuit television, a two-way communication system, and electric door release equipment.

• Spot intruders trying to scale the plant fence even on the darkest night by means of an electronic fence system. Any large object near the fence disturbs the electronic balance set up between the fence wires, and rings an alarm back at the control center.

Intruders who manage to work their way into the plant still will not get away free.

Magnetic switches detect anyone trying to pry open a window or a door. Noise detectors spot anyone forcing their way in. Sound systems that flood important areas with sound waves detect anyone who has hidden inside the plant during working hours. In moving across security areas such as the cashier's office, the intruder upsets the propagation of the sound waves, which in turn triggers the alarm.

The components of the detection equipment are already pretty well

See how THE CALL DIRECTOR telephone can speed your work, spark your efficiency!



YOU CAN TALK TO OTHERS in your office, plant or store just by pushing a button or dialing.



YOU CAN SET UP CONFERENCE CALLS with as many as six different people on the line at once.



YOU CAN ADD ANOTHER PERSON to an outside call, then stay on the line or get off, as you like.



YOU CAN TAKE CALLS on up to 29 outside, extension or intercom lines, even hold many of them.

The new Call Director telephone with Bell System intercom is a real boon to busy businessmen. Its many pushbuttons provide the kind of fast, flexible desktop communications you need to get more done each day, give customers better service and otherwise boost efficiency and profits.

There are two versatile models: an executive model with up to 18 buttons; and a secretarial model with answering and call-holding facilities for as many as 29 lines. Both are smartly designed in green, gray or beige with contrasting face plates.

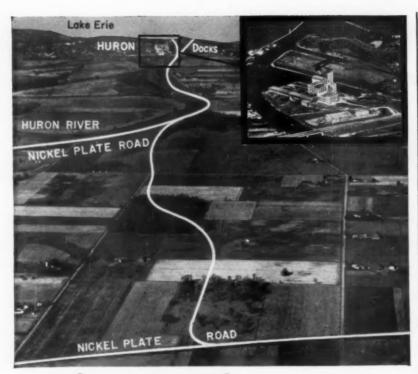
The Call Director is just one of many new Bell System developments with profit potential for your business. A communications expert is ready to discuss them with you. Just call your Bell Telephone business office. No obligation.



This six-button Bell System telephone also provides a wide range of flexible intercom features.

BELL TELEPHONE SYSTEM





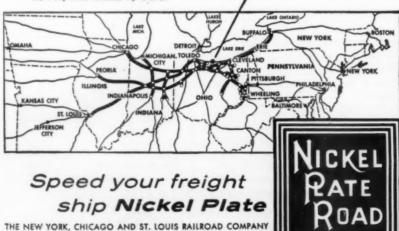
plant sites with PORT FACILITIES,*

Huron, Ohio, 58 miles west of Cleveland, 54 miles east of Toledo, offers a combination of fine port and rail facilities adjacent to hundreds of acres of land ideally suited to industrial development.

Its fine harbor includes coal and ore handling facilities and dockage for bulk handling of materials by self-unloaders. Both Lake Erie and the Huron River can be used for industrial water supply.

Modern utilities, adequate city water, good residential areas and excellent schools are here . . . as are all the other things that make for comfortable living and a natural industrial site.

Additional detailed information will be furnished by the Industrial Development Department, Nickel Plate Road, Terminal Tower, Cleveland 1, Ohio.



Telephone MAIN 1-9000
GENERAL OFFICES...TERMINAL TOWER... CLEYELAND 1, OHIO

known to industry. Minneapolis-Honey-well's contribution is to use the experience in centralizing plant security. The company has even provided for the eventuality that something might happen to its guards at the control station. If for any reason a guard fails to take action on an alarm after a reasonable lapse of time, an alarm rings at the local police headquarters.

The detection system is designated to ring an audible alarm, while at the same time, lights on the indicational panel pinpoint the location of the "break." Fire and smoke indicators can also be fitted into the system for com-

plete safety.

The cost of the detection system ranges from \$1,000 to \$200,000, depending on the depth of protection desired. An electronic guard system M-H is installing at its own Brown Instrument Div.'s Philadelphia plant, for example, will cost \$33,000. The net savings it expects the first year will run about \$26,000.



Crane Lays Foundation For Six-Mile Bridge

This gigantic 250-ton building crane has been designed literally to walk across Venezuela's Lake Maracaibo. As it moves along, it will place concrete sections for a \$100-million, all-masonry bridge linking Maracaibo with central and eastern Venezuela. It will also be used to set the support piles for the six-mile-long bridge. R. G. LeTourneau, Inc., is the builder of the massive walking crane, which is similar in design to three-legged offshore drilling rigs the company produces. Important selling point for the LeTourneau giant is its stability as a working platform that no floating marine crane, however big, can duplicate. Cost: \$1\frac{1}{2}\text{-million}.

inited States Plywood makes something wonderful happen to wood

-with VIDENE

This magnificent veneer paneling has a soft, rich luster, a beautifully brought-out grain, that hours of hand-finishing couldn't equal.

VIDENE does that. Goodyear's remarkable new polyester surfacing film, dry-laminated by only heat and pressure, makes possible prefinished wood and other products, opens vast new fields to the industry.

But a VIDENE surface has much more than meets the eye so pleasingly.

Its abrasion-resistance is at least four times that of a high-

pressure laminate's. If somehow scratched, it easily can be

VIDENE may be reverse-printed with any grain or design a camera can capture, to turn ordinary plywood or low-cost hardboard into costly looking paneling, table tops, cabinets, doors.

And VIDENE is made in both glass-clear and built-in satin finish.

If you'd like to know more about VIDENE - get the technical data on it too - write Goodyear, Dept. K-8727, Akron 16, Ohio.

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Watch the award-winning Goodysor Theater on The

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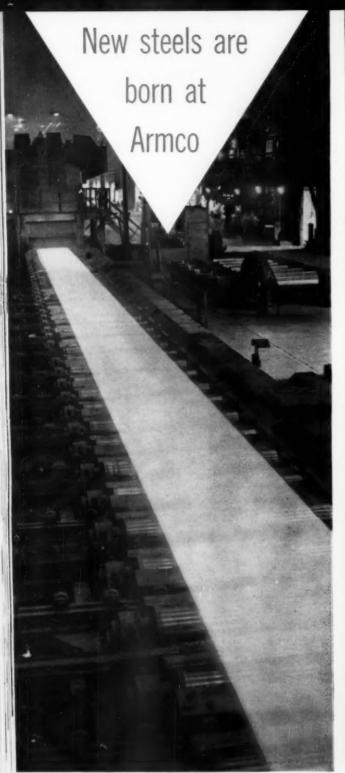
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IN ONE MONTH: ENOUGH STEEL FOR 133,000 CARS

This \$50,000,000 hot strip mill is housed in a building ½-mile long at the Ashland, Kentucky, works of **Armco Division**. It is one of the division's principal units for the rolling of high-quality sheet steel. Like all modern mills, it is descended from the world's first continuous sheet mill invented by Armco and installed in this same plant 35 years ago.



STEEL SINEWS FOR INDUSTRY AND DEFENSE

Union Wire Rope Corporation, an Armco subsidiary, controls the quality of its more than 1600 different wire ropes, from production of the steel in Armco mills to the finished product. Among the many wire ropes produced are the internationally-known Tuffy products that are designed to meet the exacting requirements of each application.

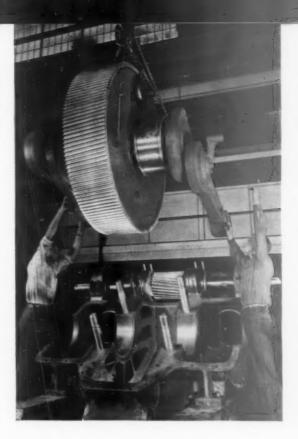
IT CAN CLEAR A DRILL HOLE 5 MILES DOWN

From Armco's subsidiary, The National Supply Company, come massive "slush" pumps for oil wells. They circulate fluid through the drill pipe to depths of 5 miles or more to clear away drill cuttings. Last year pumps produced in this plant were used on the National rig that sank the world's deepest well near Fort Stockton, Texas. In 57 countries of the free world, machinery and pipe from National Supply—the world's largest manufacturer and distributor of oil field equipment—help oil men in their search for petroleum.



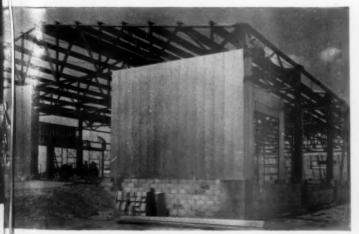
ARMCO MULTI-PLATE SERVES ON MEXICAN HIGHWAY

Draining part of a new highway through rough terrain in Mexico is a good example of the way Armco serves in foreign lands. The Armco International Corporation's manufacturing plants, warehouses and technical services are helping to build industry and strengthen the economies of the free countries of the world.



YOU'RE SEEING CONSTRUCTION DOLLARS SAVED

Instead of making a building of tiny units that must be tediously hand-fitted on the building site. large panels of zinc-coated or aluminum-coated steel are simply interlocked and bolted together. No material is wasted—construction time is slashed. More than 30 other construction and drainage products are fabricated by Armco Drainage & Metal Products, Inc., an Armco subsidiary.



3741 MILES OF STEEL ROD IN A SINGLE DAY

It's the newest rod mill in the industry—installed in the Kansas City works of Armco's **Sheffield Division** at a cost of \$10,000,000. Rolling at speeds up to 74 mph it can turn out almost 4000 miles of steel rod a day. Rods serve as the raw stock for many of the products that Sheffield makes for road construction, farming and industry.



Shown here are only a few examples of how Armco's divisions and subsidiaries serve you with new steels and steel products. From its 43,000 men and women, in 94 plants around the world, comes a growing stream of advances in products and production techniques made possible by continuous research. Armco Steel Corporation, General Offices, Middletown, Ohio.



ARMCO STEEL

Armco Division • Sheffield Division • The National Supply Company • Armco Drainage & Metal Products, Inc. • The Armco International Corporation • Union Wire Rope Corporation

See the Smith-Corona Electric before you buy!



ELECTRIC TYPEWRITER COMPARISON CHART	Smith Corona	Brand A	Brand B	Brand C	Brand D
AUTOMATIC MARGINS (one-hand, one-step operation)	V			V	
ON-OFF SIGNAL LIGHT	V				
ERROR CONTROL (eases corrections, line justification)	V				
PAGE GAGE (accurately indicates bottom margin)	V			V	
KEYBOARD SLOPE (fits natural finger movement)	V				
CUSHIONED TOUCH (ends fingertip jar at stroke end)	V				
WORLD'S FASTEST ELECTRIC TYPEWRITER	V				

FASTEST PERFORMANCE! FINEST FEATURES! FIRST IN VALUE! Seeing's believing... so eye, try the Smith-Corona Electric before you buy! Compare and you'll see why it's the first choice of more and more offices from coast-to-coast. Call your nearest Smith-Corona representative for a demonstration.

SMITH-CORONA Electric

Three-Ring Tire

Pirelli of Milan, Italy, has an auto tire with three removable treads. It's made so far only for foreign cars.

An automobile tire with a removable tread of three wire-reinforced rubber rings was introduced last week by Pirelli S.P.A. of Milan, Italy. Pirelli officials say tests prove it's superior to conventional tires in its shock resistance, traction, noise level, and ease of steering.

The surface of the tire carcass is smooth except for two ridges around the circumference that serve as tracks to keep the three tread rings in place. The rings are stretched on the tire while it's deflated. They're smaller in diameter than the inflated tire; when the tire is blown up, they fit tightly. Because a flat might be more dangerous than usual if it deflated the tire sufficiently to loosen the rings, the new tire is equipped with a special valve that Pirelli says controls deflation, making operation safe.

• Interchangeable—Rings with different tread patterns are interchangeable. By switching to the appropriate pattern, you can use the same tire for all road and seasonal conditions. Tungsten carbide studs can be fitted to winter treads to increase safety on snow and ice without slowing down a car on a clear road, as the conventional chains now being used do.

Since the tread is usually the part that wears out first, Pirelli sees an economic advantage in being able to replace it simply. It's cheaper to buy one tire with warm-weather and winter treads than to buy two tires. The tread rings will be more expensive than a retread job; However, Pirelli officials say they are also superior to retreads.

• Absorbs Shock—The construction of carcass and treads are responsible for the tire's better performance, according to the manufacturer. It's more shock resistant, for instance, because only the part of the tread ring that hits an obstacle is affected by the shock. In one-piece tires, Pirelli says, the shock is transmitted throughout the tread and carcass. Performance is improved also by the fact that the tread blocks are fixed to the unstretchable metal wires in the treads.

Pirelli is now producing the new tires in Europe to fit foreign cars. These will be available in the U.S. in a few months at prices comparable to those of other premium tires. Sizes for American cars are in the development stages. Pirelli expects the new tire to increase its share of the U.S. market significantly.

na



Low-cost, simplified "AUTOMATION" with Veeder-Root Predetermining Counters!

Now, you can use the Veeder-Root line of predetermining counters to *Countrol* a wide range of machines and processes — *automatically*. All you do is set the control numbers and the counter and its mechanical linkage will do the rest.

You can *Count*rol turns, strokes, pieces, lengths, or any other units to a preset sum. When this action is completed, the counter can make or break circuits, actuate lights, signals or stop motions.

Veeder-Root's extensive line of predetermining counters provides this simplified automation easily and at low cost. Attachment to machines and other devices is quick and easy, or a Veeder-Root Counting Engineer can provide application assistance.

Send for NEW folder on Predetermining Counters for additional information; and order from your local Industrial Distributor or Veeder-Root Sales Office.



Veeder-Root Inc.

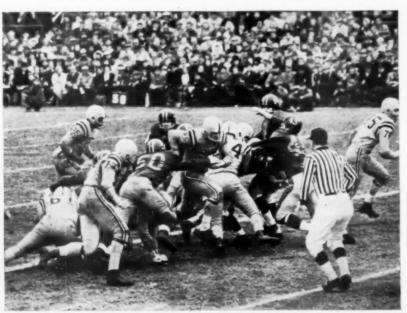
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"The Name-that Counts"

New York • Chicago • Los Angeles • San Francisco • Seattle • St. Louis Greenville, S. C. • Altoona, Pa. • Montreal Offices and Agents in other principal cities



WESTERN invasion for Grey Cup game in November brings carnival air to Toronto; this 1957 hoopla will be repeated this year.



GAME for pro football title has become almost secondary to preliminary fun; this year, agaia, Winnipeg Blue Bombers and Hamilton Tiger Cats (above) are likely contestants.

When Staid

Pro football final in Grey Cup Week is Canada's Mardi Gras and World Series in one—with a lot of business tie-ins, too.

If you're planning on any dealings with your Canadian business friends for the week preceding Saturday, Nov. 28, you'd best forget it. You'll run headlong into Canada's once-a-year madness fling (pictures), more officially known as Grey Cup Week.

Rationalization for the national blowout is Canada's annual pro football classic. Champions of East and West-likely Hamilton and Winnipeg this year-lock helmets on the last Saturday in November for a tired, modest piece of silverware known as the Grey Cup.

And in spite of-or perhaps because of-pro football's many close tie-ins with



KICKOFF by Prime Minister Diefenbaker (in sweater) at 1957 game, politicos say, helped greatly in his landslide in 1958 election.

Canada Businessmen Cut Loose

Canadian business, much of Canada will sacrifice some business productivity that week in favor of some highly partisan but healthy hi-jinks.

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In spirit and purpose, the Grey Cup game is neither the World Series, the Rose Bowl, nor the National Football League final of the U.S. pros. The only U.S. manifestation that would approach it in zest would be New Orleans' Mardi Gras.

· Unbelievable-Statesiders who tend to regard Canadians as stodgy, dour, and distant won't believe what they see if they happen to be in Toronto, this year's arena for Grev Cup action at the time of the festivities. Among other surprising things, they'll find:

 The elegant lobby of the Royal York Hotel, Toronto's largest, bare of all its costly trappings, as if in anticipation of an air raid.

 White-Stetsoned Westerners joshing red-touqued Quebecois over the Eastern Hamilton fans' often-shouted threat: "Oskee wa wa, Wiski wee wee, Holy mackinaw, Tigers, eat 'em

· High-priced executive talent by the thousands, ostensibly "off on business," basking in the weekend frolic of parties, dinners, trophy-giving, band contests, songfests, highlighted by the Miss Grey Cup contest, Grey Cup Parade, Grey Cup Dance-and the big game itself.

· A sell-out crowd of 34,000 at Toronto's Canadian National Exhibition Stadium, with late tickets available only at scalpers' prices.

· Potent-The Grey Cup atmosphere is charged-and its potency lingers, as Prime Minister Diefenbaker, for one, can testify. Many strategists figure that his 1957 Grev Cup Dinner speech and game kickoff had no mean influence on his 1958 landslide at the polls. Millions of Canadians undoubtedly saw in his knitted ski sweater the virile, straight-shooting, regular-sport image they were hungering for.

I. The U.S. Boys

It comes as no little surprise to many U.S. sports followers to learn that pro football, not hockey, is now Canada's No. 1 spectator sport.

In hoopla and color, it smacks more of the U.S. college game than the U.S. pro variety. But in some important respects, its rules make it more exciting than either.

For example, you have only three downs instead of four to try for another first down. A wider, longer (110-yd.) playing field with deeper end zones, and an extra backfielder-called the "flying wing"-broaden the diver-sity of offense. More liberal man-inmotion rules for backs, the absence of team-called time-outs and "safe-catches"

BUSINESS WEEK . Nov. 7, 1959



"NBB Binders Give us Good Looks and Good Mileage"

states Winston V. Morrow, Jr., Executive Vice President AVIS RENT-a-CAR SYSTEM

Avis rents late model cars and naturally wanted late model binders to house their company literature. The choice? The customdesigned NBB binder shown. Attractive to the eye, it also resists tough handling and wear.

For your own Manual, Price List or Catalog, you'll be sure to find what you want from many NBB virgin plastic cover materials or our conventional covers - and in a wealth of decorative treatments: 3-dimensional applique, silk screening, embossing or stamping. Our representative will submit cover designs for your approval.



NATIONAL BLANK BOOK COMPANY Dept. 2011, Holyoke, Massachusetts

Please send your National Binder folder to cover Have your representative call	help me	plan a	custom-made
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CITY......STATE......

by the safety men, Canadian grid buffs insist, add speed and sparkle to the

• Imports-Despite these differences, U.S. boys dominate the Canadian game. All head coaches of the nine major Canadian pro clubs are from the U.S. Every July, each team lures about 25 U.S. prospects to training camp. Rules restrict a team to 12 U.S. imports per game, but several permissible changes during the season mean that 17 or 18 imports see action.

Some club owners privately feel they'd be better off with unlimited U.S. imports. They argue it would remove the premium now enjoyed by mediocre Canadian players and the better imports-who get up to \$1,000 a game. As things are, it costs nearly \$750,000 a year to operate a Canadian pro club, one owner says-about half the National Football League counterpart, but a far cry from the \$40,000

average a mere decade ago.

• "Rye and Ginger"—The Canadian game offers strong inducements, and some U.S. imports have taken out Canadian citizenship. Since practice usually doesn't start till around 5 p.m., players can carry on a year-round busi-

ness career.

Look over the Tinker-to-Evans-to-Chance combination of the Montreal Alouettes, all of whom intend to stav in Canada: center Tom Hugo, of Hawaii via Denver University; quarterback Sam Etcheverry, of New Mexico via Denver; and top pass-receiving end Red O'Quinn, of North Carolina via Wake Forest and the Chicago Bears. Etcheverry and O'Quinn are leading Montreal salesmen with Canada Dry and Scagrams respectively—a fact that has won them the appellation of the "rye and ginger" boys.

Or consider Jim Trimble, the ex-Philadelphia Eagle coach who now masterminds the Hamilton Ti-Catsand sits on the boards of several Hamilton companies. Rumor has it that his assistant, Ralph Sazio-once a William & Mary star tackle-earns some \$25,-000 a year in an insurance sideline

alone.

Most Canadians will agree with Gorde Hunter, president of the Football Reporters of Canada, that "the growth of the Canadian game is tied in closely with the importation of U.S. players." But let no aging U.S. pro look to it as a retreat for his weary bones: Many a U.S. boy discarded by the Canadians has caught on in the NFL.

II. The Businessmen's Game

Conscious of football's drawing power, Canadian companies fall over each other trying to tie in with the game. "Win an expenses-paid trip for two to the Grey Cup," reads the bait

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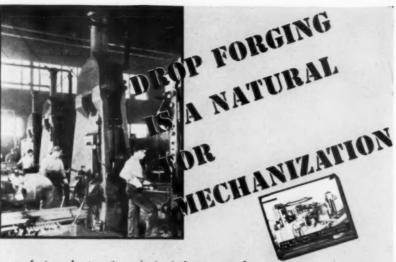


Picture of a packaging machine operator using AVISCO® CELLOPHANE

■ It's just about that easy! For nothing matches the smooth, trouble-free performance of cellophane on high-speed packaging machines. First of all, it has crispness, body and rigidity won't droop or collapse like other films. Second, it's static-free. Third, it heat seals easier, faster and more securely than any other packaging material. But that's not all. Cellophane prints exquisitely. And its true transparency and sparkle create greater sales appeal for any product. Remember, too, cellophane seals in freshness and protects products from dust and handling. Add all these advantages to the low initial cost of AVISCO cellophane and you'll find it's a bigger dollar value than any other packaging film. We offer a complete service to assist you and demonstrate how AVISCO cellophane, plain or printed, will answer your requirements better than any other packaging material. Phone or write us for an appoint-

ment with our representative or a selected cellophane converter specializing in your field. AMERICAN VISCOSE CORPORATION, FILM DIVISION, 1617 PENNSYLVANIA BLVD., PHILADELPHIA 3, PA.





A feature of automatic production is the storage of shape in dies. It is also the basis of closed die forging—"drop forging". Chambersburg, pioneer builder of forging equipment, today builds tools that, by carefully designed die configurations, precisely controlled blows, and mechanized stock manipulation, will shape forgeable materials to close tolerances and, with shearing, heating and trimming equipment, create automatic or semi-automatic production lines, capable of increased output at lowered costs.

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in dozens of consumer product contests. Promotion tie-ins are varied and ingenious. Local businessmen volunteer their management to the teams' unpaid "football councils," or advisory boards, buy huge blocks of season tickets for their staffs and business prospects.

"Business and football have been good for one another," says M. E. (Ted) Workman, youthful owner of the Montreal Alouettes, who sold a family-owned uniform business to buy control of the country's most professionally run club.

• Growing—The list of publicity tie-ins is ever-growing:

Shell Oil sponsors the half-time drum majorettes show in Toronto, O'Keefe Brewing Co. a similar show in Ottawa.

• In individual cities, Seagram's Calvert sponsors a "player of distinction" trophy for winners picked by fans' year-long balloting.

Canada Dry offers awards to high

school stars to develop talent.

 Retailers join in. In Toronto, Loblaw's supermarkets woo customers with blocks of Grey Cup tickets. Ottawa's A. J. Frieman department store puts on a Miss Ottawa Roughrider contest.

• In a number of cities, breweries commission the filming of every game, bid frantically for rights to the final Grey Cup game.

 Public utilities, chambers of commerce, and industries galore fly their colors on Grey Cup Parade floats.

• Topper-Topping these examples of the football-business marriage are the annual Schenley Awards, the only national awards for individual players who are chosen by vote of football reporters. U.S.-owned Canadian Schenley Ltd.'s tab, reputed to be \$35,000 a year or so, may well provide the most productive continuing project in Canadian public relations history.

With last year's free mentions in major media saturating Canada's total population several times over, awards administrator Donald R. Dawson cheerfully admits: "Without a doubt, the awards represent the best public relations in-

vestment we've ever made."

The dividends are lucrative. The Schenley Awards reception on Thursday of Grey Cup week is the social climax of the season; it's a closed affair restricted to business and government leaders, but gate-crashing is rampant. Schenley winners ride in open cars in Saturday's Grey Cup Parade. Last year there was even more: Winners were invited to perform the ceremonial kickoff, with TV and radio bringing the Schenley name to at least 7-million

• Alumni-With this close businessfootball relationship, it's not surprising that football alumni find an entry into

Canadians.

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high business echelons. Joseph Breen, for example, president of Canada Cement Co., biggest Canadian company in the business, captained a winning Grey Cup team.

College football men share the Grey Cup glory. Geoffrey Notman, president of Canadair, Ltd., Canada's most successful aircraft maker, still expounds business tactics in terms of his McGill playing days.

III. The Festival

The Grey Cup, named for the Canadian governor-general who first donated it for the "amateur championship" of Canada, has been in competition for nearly four decades. But it's only in the last decade that it achieved festival status

That happened, to be exact, in 1948, when Calgary came east for its first try for the cup, against Ottawa. As Winnipeg sports editor Tony Allan records it in his book Grey Cup Cavalcade: "There are otherwise intelligent people who'll argue that the Grey Cup final never amounted to much until a couple of trainloads of uninhibited Albertans arrived in 1948 to show staid old Toronto how the thing should be run."

Since then the Cup game itself has just about become secondary to the preliminary goings-on. Yet, by the same token, it's from 1948 that Canadian pro football reckons its modern era as a successful venture, Teams gradually took on professional managers, brought in U.S. coaches got bigger stadiums.

in U. S. coaches, got bigger stadiums.

Most of the cities—Ottawa, Hamilton, Regina, Calgary, Edmonton, Vancouver, Winnipeg—get their big-time kicks from football, and tenaciously guard their franchises even when economics seem to dictate otherwise. Regina, for example, a city of only 89,000, supports a stadium seating 14,700. Even in Montreal and Toronto, which have big hockey and baseball attractions, football punts the others off the sports pages.

• Crowded City—As usual, hotel and motel rooms and tickets for the Grey Cup fun are already scarce. Space in the big-name hotels is dwindling, but hostelries farther from the stadium are not yet booked up. Motels are more convenient to the game, and there are also numerous first-rate, roomy hotels right on Lake Ontario and not far from the football arena. But reservations of any sort will soon be hard to come by.

In spite of the city's reputation as Toronto the Good, a few night clubs offer diversion if the football festivities pall.

Tickets for the game, like hotel rooms, are almost all gone. But there will be the usual scalpers around, and hotel and motel staffs often have some for late arrivals—at a premium.

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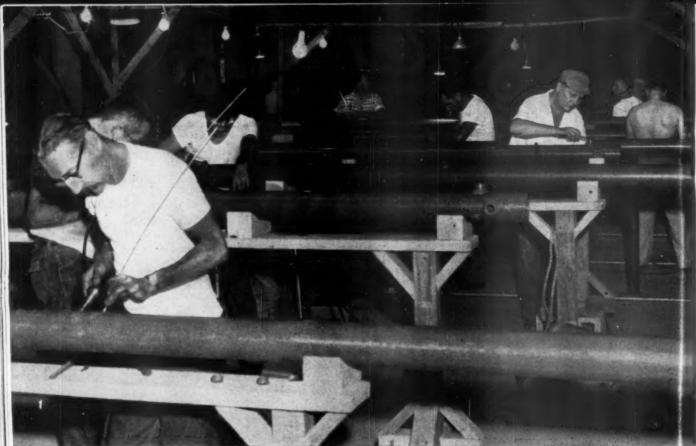
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Kellogg production line at the plant site welds plastic piping to fittings

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Kellogg's ability to fabricate relatively unknown construction materials to strict quality standards *right at the plant site* is demonstrated in facilities now being built by the company for a leading metallurgical firm.

Here, one major assignment was to install over 95,000 feet of plastic piping and more than 17,000 plastic fittings. Biggest plastic piping job ever undertaken, it entailed quality specifications which available fabricators considered impossible to meet.

To meet an early completion date and utilize construction men unfamiliar with plastics fabrication, Kellogg set a precedent by applying methods and techniques established for heavy duty alloy piping. It developed special tools and quality control procedures... trained workers on the spot... set up production lines at the site to machine, weld, assemble.

To learn how Kellogg's coordinated engineering, procurement, and construction services gang-up on the many problems facing executives responsible for new plant investments, write for brochure—"Planning the New Plant for Profits."



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Another Kellogg team handles boring of plastic piping on a mass production basis

A Power Source for Space Flight

One of the toughest problems of space flight—providing the vehicle with big burst of electricity—may be solved by a new system of power generation that General Electric Co. has brought far along the road to development.

The system-formidably labeled magnetohydrodynamic power generation (MHD)-extracts power directly from the motion of ionized gas through a magnetic field. The pictures at right show a lab model at GE's Missile & Space Dept. in Philadelphia; the smaller picture shows the heart of the operation, a piece of molded quartz mounted on a cylinder of hollow graphite, which contains the field.

The enormous advantage of MHD is that it can provide a regular flow of power by using the motion of air around it—or even to a lesser degree of the infinitely rarefied atmosphere of space. Its efficiency ratio is very high, and it

has no moving parts.

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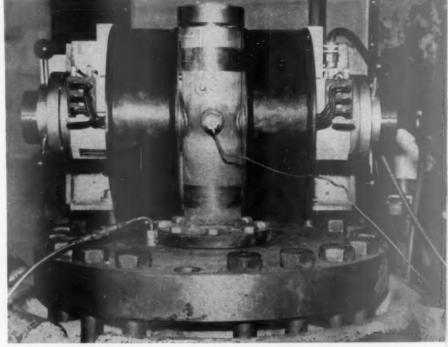
The one great disadvantage of MHD for conventional applications is that if the moving gas is air it has to be at a temperature of around 5,000F to stavionized. But this is no handicap at all for service in a rocket, with its exhaust gases or the heated atmosphere at its nose. Space experts say that for certain purposes it is the most efficient method of producing electricity from heat.

• Timely—The workable MHD generator is coming into being at a time when science is busy reassessing, the older forms of energy conversion, such as the steam turbine, and are groping for new methods. GE itself has come up with two possibilities in the past few years: the thermionic converter (BW—Dec.7'57,p117) and the fuel cell (BW—Jun.27'59,p45). There has also been a spate of interest in new types of solar cells and thermocouple devices.

According to Guy Suits, GE's vicepresident for research, much of this farranging interest has sprung from availability of new materials such as the semiconductors, new processes, and new knowledge about the nature of energy. With these aids, researchers have been able to create many promising devices.

None of these, though, has even dented the pre-eminence of the steam turbine for the production of electricity in real bulk. Now, comes MHD, whose principles may also bring advances in closed-cycle solar and nuclear systems. Even the steam turbine may benefit from MHD. Perhaps 10 years from now, it may be harnessed to bring an extra 15% efficiency gain to the turbines—a enormous potential advance for the power industry.

· Adaptable-That's in the future, but



AIR IS THE SOURCE from which this General Electric magnetohydrodynamic generator makes electricity.

ELECTRODES mounted on a quartz tube, pick off electric current in MHD, self-feeding power source for missiles.

right now MHD is almost ready to supply the smaller power needs of electrical equipment in rockets and missiles, when the Air Force, NASA, and ARPA decide how to make the relatively simple adaptation to existing rockets.

The new system seems tailor-made for the job. MHD needs heat, and the exhaust gases can provide enough and more. MHD feeds on moving ions-electrified atoms or groups of atoms—and both planes and rockets have built-in sources:

• The exhaust stream, while the engine is firing.

 The boundary layer of moving air built up on the nose cone of a speeding rocket or on the leading edges of a plane's wing. Even in virtually airless outer space, ions would build up on the nose cone which MHD could draw on for low-voltage power services such as refrigerators to keep the rocket at reasonable temperatures. For heavier demand, an auxiliary solid-fuel rocket could be fired—to provide, say, the high voltage needed for sending TV pictures back to the earth.

Certainly, there would be no great difficulty in venting the stream of ions from either exhaust or nose cone into

the MHD.

 Conversion—The great contribution of General Electric to MHD has been the successful harnessing of long-known principles. In an ordinary electric generator a conductor—a wire—is moved sideways across a magnetic field. That causes a current to flow in the wire. MHD depends on the fact that gas,

Pinkerton Plant Guard Force Saves SPS \$25,000 a Year

When Pinkerton's guard force replaced Standard Pressed Steel's own "home guard" in Jenkintown, Pa., security went up, costs came down, and the former guards were relocated within the company to everyone's satisfaction. Now the guard force is trained and supervised by professionals instead of busy plant personnel. The company does not worry about replacing men on vacation or those who report sick, because Pinkerton's service includes keeping every post manned at all times. And when SPS needs to qualify for classified work, Pinkerton's promptly assigns the necessary Government-cleared guards. Finally, Pinkerton's takes care of all fringe benefits, Social Security, uniforms, revolvers and other necessary equipment. Within a short time SPS found that its improved security was costing \$25,000 a year less.



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... later versions of the MHD generator should be able to achieve up to 80% efficiency . . .

(STORY on page 107)

also, can be a conductor—if it is ionized. In GE's device a magnetic field is set up across a quartz tube. Air, hot enough to stay ionized, is whooshed through the tube. An electron flow is thereby set up in the gas, at right angles to its motion. Electrodes on opposite sides of the tube pick off the current.

GE estimates that in a short while it will have devices that will convert 40%-50% of thermal energy into electricity using this method; later versions may achieve up to 80% efficiency. This compares with a typical 35% conversion rate for present turbo generators.

In its first full-scale model—which uses an electric arc to supply the moving ions—GE has been able to develop a full kilowatt of power for as long as three seconds. Eventually, the researchers believe the power level can be pushed up, and maintained indefinitely. There seems to be no inherent ceiling, so long as a steady flow of ionized gas can be maintained.

• Near and Far—For the short term, it should not take more than a year or so to develop MHD for continuous operations. Within six months, a device could be made ready that could work for, say, the three or four minutes that it takes a small solid-fuel rocket to burn out. In any case, the MHD that is just around tomorrow's corner will be quite suitable for the first-generation rockets that we have.

For the longer term—for the thirdgeneration, atomic-powered rockets of a decade or two from now—MHD will have to make big strides in two directions:

• Better materials. The quartzon-graphite cylinder will have to be replaced by some better high-temperature material. Or else some gas that ionizes at lower temperatures will have to replace air.

• Smaller size. The first model MHD generator weighs 600 lb., far too much to be carried conveniently on a space ship. But engineers think that when they have puzzled out the ideal size and weight of the components, total weight can be brought well under 100 lb.

These problems by their very nature don't much worry the engineers. For example, in MHD, they wrestle with the relatively simple matter of the physical containment of high-temperature atoms. That's child's play compared with the extraction of electricity from a fusion reaction, where the inordi-



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om diTake its design versatility, for example. Because it's flexible, cellophane can be used for a broad range of package constructions and designs. Its smooth, sparkling surface takes beautiful multi-color, high-speed printing. And you get just the right protection you want for your product—because there are over 100 varieties of Du Pont cellophane "tailored" to individual product needs.

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nately difficult trick is the magnetic containment of atomic fragments.

• Selling Points—Where moving ionized gas is available, MHD can boast a number of advantages over other special types of converters.

• It is much simpler than the fuel cell, hence easier and cheaper to build

and more reliable.

 Its weight-to-power ratio is much higher than that of other heat-to-electricity conversion devices.

In the present GE model, MHD produces only direct current. But there is no reason why it can't be converted to alternating current, at the price of

a slight loss in efficiency.

• Other Research—General Electric doesn't have the MHD field to itself. Most of the big aircraft and missile makers are doing stepped-up research on it, as well as such companies as Westinghouse, Union Carbide, RCA, and Bell Labs. So far, the Air Force, ARPA, and NASA are not known to have committed themselves to any one system, but they are keeping a sharp eye on all the research programs.



Power for Northwest

More power for power-rich Washington will be coming in this month as the Priest Rapids Dam project on the Columbia River, in the central part of the state, becomes active. Already one giant turbine (picture), with a diameter of 23 ft. 8 in. from blade tip to blade tip, is producing commercial power. When completed, the dam will have 10 generators with a total capacity of 788,500 kw.

Instead of the power shortage that was characteristic of the Northwest until a few years ago, the area is now said to have an ample power supply (BW-Dec.20'58,p50). Merritt-Chapman & Scott Corp. is building the Priest Rapids Dam for the Public Utility District of Grant County, Wash.

Ever see the real costs on "do-it-yourself" construction?

No? Chances are you won't, either-unless you insist on comparative estimates from qualified outside contractors. Here's why:

According to recent research findings, 1 out of 10 companies makes no effort whatever to cost "do-it-yourself" construction. Another 3 out of 10 admit they use only "rough" calculations. And among the remaining 6, there is so much disagreement over the cost factors involved-for example, what to charge for internal overhead-that one wonders how realistic any estimate of "do-it-yourself" costs can be!

Next time one of your plants suggests a construction job be done with in-plant labor, why not insist on an estimate from a qualified outside contractor, too? It's amazing how often management finds it's better-in many ways-to contract-out the job instead!

SEND FOR THESE REPORTS. Two reports on contracting-out are available from NECA upon request: (1) "Maintaining Production for America", a 16-page review of maintenance by contract services, prepared by the Construction Industry Joint Conference; (2) "Contracting-Out", a survey of contracting-out policies among 74 industrial plants, published by the Graduate School of Business, Columbia University. For free copies, please write NECA, Dept. B-11 610 Ring Building, Washington 6, D. C.

- How contracting-out benefits industry

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 Pinpoints job costs. "Do-it-yourself" estimates often inaccurate due to use of unrealistic charges for internal overhead, etc.

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Eastman 910 Adhesive solves another production bottleneck

Cinaudagraph, Inc. of Chicago, Illinois, manufactures radio and television speakers.

By switching from soldering to bonding with fast-setting, high-strength Eastman 910 Adhesive, Cinaudagraph eliminated a bottleneck in the assembly of a 2¾ inch speaker for portable transistor radios.

The adhesive bonds the pole tip to the magnet and the pole tip-magnet assembly to the speaker yoke, with excellent magnetic continuity.

The adhesive has been used successfully on more than 100,000 speakers. Material costs were reduced 25%—labor costs, 50%.

Eastman 910 Adhesive is making possible faster, more economical assembly-line operations and new design approaches for many products. It is ideal where extreme speed of setting is important, or where design requirements involve joining small surfaces, complex mechanical fasteners or heatsensitive elements.

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New Turn in Cancer Research

- American Cancer Society hears pleas for heavier emphasis on early detection of the disease.
- Doctors feel such work could bring quicker results than the present stress on ultimate causes and prevention.
- More study of the effect of emotional tension on cancer is also suggested.

Medical researchers should switch some of the emphasis of their work to the early detection of cancer, even if it means some sacrifice to their delvings into the ultimate causes and prevention of the disease. That's the judgment of a blue-ribbon panel of scientists and doctors at last week's annual meeting of the American Cancer Society, in New York.

Their reasoning: Prevention of all the many types of cancer is likely to be a very long and involved business. At the same time, there's a small mountain of new and impelling evidence that many forms of cancer can be "cured" if they are detected early enough. A cure, in medical language, means that no new cancer has developed for a period of five years after the first one has been arrested.

• Bethesda Study—Some of the evidence came from Capt. Robert Brown, chief of surgery at the Naval Hospital in Bethesda. Brown discussed the cases of 81 sailors and marines treated for lung cancer at Bethesda between 1950 and 1954. Of the cases, 26 were detected during routine checkups, and of these 13 had showed no obvious symptoms at all. Today, five years later, 21% of the patients spotted in the routine checkup are still alive; 16% of the non-checkup cases are alive. This compares with the 5% "cure" rate for lung cancer patients elsewhere.

Cancer of the digestive tract is another type that is much easier to halt if it is detected before the appearance of obvious symptoms. Dr. Donald B. Shahon and Dr. Owen H. Wangensteen, of the University of Minnesota, have compiled extensive records showing that patients whose treatment began before the appearance of symptoms had twice as high a five-year survival, or "cure" rate as those whose treatment began later.

Shahon and Wangensteen figure that the patient's chances of survival are cut in half once the cancer has spread beyond the organ where it first developed —even though it has merely seeded a nearby lymph gland.

• Questions of Size—On the other hand, there is evidence that the size of

a cancer may have relatively little to do with the patient's chance for a "cure." This is especially obvious in breast cancer, says Dr. Edward F. Lewison, of the School of Medicine at Johns Hopkins University. Some breast cancers appear to begin seeding nearby areas while the lump is still so small that it is hard to spot. In others, the lump grows quite large without doing any seeding; this type is quite curable.

The catch is that doctors do not know what causes the variation in the rate of seeding. Nor have they many firm ideas as to why cancer in certain organs seeds faster than in other places. So common sense dictates that all cancers of the breast must be treated exactly as if they were the early seeding variety.

• Cost of Checking—Right now, a major handicap in the early detection of cancer is the expense of periodic checkups. The tests are elaborate, yet only four times in a thousand tests do they spot a cancer. That works out to a price tag of about \$3,000 for every cancer detected.

Experts say that new techniques of detection are a crying need, along with a better medical definition of precisely what early cancer is. Such a definition simply in terms of the volume of cancer cells is wrong, and offers little or no clue to the "earliness or early curability of the cancer."

Any gains in methods of detection would be snapped up by doctors; but what really excites the profession is the long-range possibility that such methods might lead to new ideas about the prevention of cancer.

Present knowledge indicates there are three main stages in cancer:

• First, the mysterious metabolic changes that are just beginning to be understood as a first step in the development of malignant tumors. In some types of cancer, this stage may be skipped entirely.

Second—and in some cases first
 —is the development of diseased, or
 "pre-invasive cancerous" tissue, frequently resulting from an injury.

• Third, the appearance of the actual, or "invasive" cancer. Among

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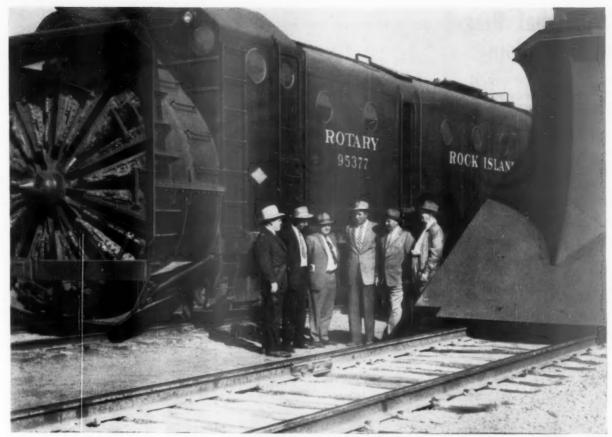
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J. H. Gilfillan (left) discusses pre-winter maintenance requirements with Western division operating personnel.

Are freight carriers ready to do battle with winter?

On the Rock Island, Yes

to quote J. H. Gilfillan, Western Division Superintendent

A few months out of every year, many carriers face a herculean task in providing the kind of service shippers deserve. Wind, snow, icing, poor visibility—all the rigors of winter—present obstacles that can be overcome only with task-force effort.

The Rock Island, for instance, cuts across areas where winter winds, whistling over western and midwestern plains, pile even an inch or two of snow into huge drifts.

"It takes an enormous investment in snow fighting equipment to keep trains moving in weather like this," says Mr. Gilfillan. "On the Rock Island's Western division, alone, we have wedge plows, Russell plows, rotary plows, ditcher spreaders and an imposing list of other equipment to help us keep freight on the move.

"Long before any of this equipment is pressed into service, our crews are hard at work." Ditches are cleaned out.

Cuts are trimmed and dressed. Snow fences are repaired and erected. Plows and motive power are put in A-1 shape. When the snow flies, the Rock Island is ready."

With the first hint of drifting, plows are dispatched to precede every train. They cut drifts down to size and clear a path for shipments to go through. When severe storms obscure automatic block signals, "positive blocking" insures safe movement.

Effective communications are no less important in winter than in other seasons. To insure unbroken contact between trains, offices, and customers, the Rock Island has 50 strategically placed microwave stations that are used if telephone lines go out.

In short, the Rock Island is ready—come fair weather or foul. If you have shipments that *must* get through this winter, route them Rock Island.

If you have any comments, pro or con, regarding our rates or services, we invite you to discuss them with your Rock Island traffic representative.



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other things, doctors are puzzled by the time lag between the second and third stages.

Most recent research in this area has been aimed at finding the causes of the second, plateau period; many eminent scientists have thought this might be the road to the prevention of cancer. However, the feeling is growing that the researchers should start looking further toward the start of the chain of development, clear back to the first metabolic changes. At this point, the reasoning goes, the chances of "cure" should be greatly increased.

· Interrelations-Thus, scientists now think that cirrhosis of the liver is related not only to cancer of the liver. but also to cancer of the oral mucous membranes and quite possibly to other types as well. Similarly wider horizons are seen in the failures of the body to use vitamins properly.

Doctors are now convinced that only partial success can be achieved if the researchers continue to concentrate on the search for cures instead of unraveling these complex relationships. It is already evident that a whole complex of causative factors enter into the development of cancer. The first preshadowing of a pattern is being glimpsed thanks to the accumulation of data in such related fields as steroid metabolism, virology, and immunology. But it is still only a preshadowing.

• Emotional Side-The whole problem of research is complicated by the influence of emotional stress on the disease. Dr. Eugene Pendergrass, president of the Cancer Society, thinks research in this direction would pay quick dividends, and "almost certainly lead into investigation of factors that are sus-ceptible to control of hormonal and other metabolic influences." Pendergrass points out that "there is solid evidence that the course of disease in general is affected by emotional stress. He thinks it is fair to assume that for cancer, too, there may be in the patient's mind a power to speed or inhibit the development.

There has been no detailed study as vet of what outside stress has done, for good or ill, to cancer victims. But, Pendergrass says, every doctor has known cases where cancer has lain quiescent for years, only to flare up and spread all through the patient's body during a period of intense emotional

"We doctors who specialize in cancer," Pendergrass adds, "are just starting to emphasize the consideration of the patient as well as the particular cancer from which he is suffering. If we could but learn a little more about how to influence the body systems as a whole, we could well have the real key to cancer -and its prevention." END



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In Research

New Drug for Parkinson's Disease, Stronger Version of Salk Vaccine

The pharmaceutical industry was in the news this

week with word of important developments:

• A new drug introduced after more than two years of clinical studies is claimed to be usually effective in the treatment of Parkinson's disease (shaking palsy). The drug, known as Phenoxene, and developed by Pitman-Moore Co.'s Allied Laboratories Div., is especially helpful to patients above 65, and reportedly does not lose its efficacy after several months' use. According to latest estimates, there are more than half a million sufferers of Parkinson's disease in the U.S.

• Permission to market a more potent Salk-type polio vaccine has been granted to Chas. Pfizer & Co. by the Institutes of Health. The new vaccine is the result of intensive research, both here and in Great Britain, to find a "killed virus" vaccine with an ability to immunize more people than the Salk vaccine that is now available. Pfizer is also working, as are several other drug houses, on development of an oral polio vaccine of the type developed by Dr. Albert Sabin of the University of Cincinnati (BW-Jun.27'59,p57). No official permission has been granted from the government, however, to market live polio vaccine in the U.S. as vet.

Designs Drawn for 'Commuter Express' To Ferry Men and Supplies to Space

Plans for a future "commuter express" to shuttle men and supplies between earth and stations in space have been revealed jointly by Lockheed Aircraft Corp. and Hughes Aircraft Co. The vehicle would combine features of a space ship, ballistic missile, and conventional airplane.

Engineers think the shuttle could be built by 1965 or 1966—about when the first of the second-generation U.S. jumbo rocket engines will be ready. Plans for its design have already been presented to the government, and are

said to be causing considerable interest.

As Lockheed and Hughes designers see it, the shuttle would carry up to four passengers—normally, three engineers and a pilot—plus supplies, with a total payload of not more than 14,000 lb. After taking off from earth, it would orbit at 300 to 500 miles up, rendezvous with the space station, and return to earth. It might also undertake other military missions, such as tracking and identifying unidentified objects in space, removing derelicts from space lanes, and serving as a space testing and training laboratory.

On a typical mission, according to Hughes Vice-Pres. Roy E. Wendahl and Lockheed Vice-Pres. Burt C. Monesmith, the ferry would operate something like this: At launching, a cylinder containing the payload would be

encased in what Monesmith describes as a vehicle with a "folding arrow wing configuration." It would be mounted atop a three-stage rocket with 1-million-plus lb. of thrust, programed for automatic guidance.

Near the target station, a 1,000-sq.-ft. flying wing would unfold and expose the payload cylinder. At this point, the pilot would take over and maneuver the vehicle by means of reaction jets along the wing edges and internally housed, electrically driven inertia wheels.

Passengers and supplies would be transferred to the space station through an airlock. In returning to earth, the pilot would glide the ferry gradually back into the atmosphere at an angle that would reduce re-entry temperatures to a minimum. He would decelerate by braking and land in the conventional manner—at speeds below those of existing airliners.

Hughes and Lockheed say the human pilot would give the system reliability and simplicity. Company laboratories are already working on design problems such as

aerodynamic and structural configuration.

Martin Gets Go-Ahead for Simpler, More Competitive Nuclear Reactor

The Nuclear Div. of the Martin Co. has been authorized by the Atomic Energy Commission to push research and development of a simplified and highly advanced nuclear reactor system known as a liquid fluidized bed reactor (LFBR). Westinghouse Electric Corp. announced more than two years ago that it was doing work along the same line. But, as far as is known officially, no operating reactor using the principle has yet been built in the United States.

The design could lead to complete elimination of control rods and the complex actuating equipment conventionally associated with them in other types of reactors. It could also theoretically cut fuel fabrication costs and make it easier to recover valuable fissionable

material from a reactor core after use.

According to Martin engineers, their version of the LFBR will take the shape of a large, upright cylinder. The fuel will be only slightly "enriched" with uraninum-235; it will consist simply of a heap of pea-shaped pellets, immersed in liquid. Because a power-producing chain reaction can take place in such a system only when the pellets are slightly separated from one another, the reactor will be turned on by forcing more liquid up through the bottom of the cylinder, causing the pellets to rise slightly and move apart. Turning the chain reaction off is even simpler—merely cutting the flow back again, and allowing the pellets to fall close together again.

Martin researchers say that water will be used as the fluidizing liquid in the first reactor core that is built for critical experiments, but that other organic materials are

under consideration for use in later models.

"A number of fabrication problems remain to be solved before a working LFBR can be built," explains J. Donald Rauth, a Martin vice-president. But company-sponsored investigations of the system ranging back to 1955 indicate that "the LFBR promises to produce power at a fuel cost comparable to that of conventional fuels anywhere in the world." th a nted rust,

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Machine Makers Slash Timetables

Non-electrical machinery manufacturers have cut delivery time on orders by as much as a month since 1955.

New capacity, standardization of equipment, interchangeability of parts, and better production control techniques account for the speedup.

Customer demand and tough competition within the industry are pushing up the schedules.

The return of a buyer's market in non-electrical machinery is showing up in increased competition to cut delivery times—the number of weeks or months customers wait for equipment after placing an order. Although reductions aren't uniform and customer demand makes it hard to estimate, manufacturers and capital goods spenders in this market report a definite drop in the time it takes to get an order filled.

Since 1955, a full month has been sliced from the delivery time for non-electrical machinery, according to a recent survey by the McGraw-Hill Dept. of Economics. In 1955, the average delivery time was about 4½ months. This year, it's down to 3½ months, discounting temporary strike effects.

I. Speed-Up Delivery

The production manager of an industrial brush and foundry machine company says his firm has reduced delivery time by 30% over the last three years. "We've accomplished this mainly through standardization of equipment, capacity expansion, and more interchangeability of parts in the machinery we produce," he says. "We're also experimenting with different types of materials. It's much easier to stock only one kind of alloy instead of four if that one alloy will do the same job as four."

A materials handling equipment manufacturer on the Great Lakes can deliver trucks in six to eight weeks. As late as 1957, it took three months to get these same vehicles out the door. How does he do it? Through better production control techniques, more accurate market forecasting, and better planning and coordination of manufacturing and purchasing. "We haven't increased our capacity or inventories," he claims. "The only trucks we inventory are stock models that haven't had the extras pasted on."

R. E. Channock, vice-president and treasurer of National Acme Co., a machine tool supplier, says it often takes much more than peppier production and larger inventories to cut delivery time. "In our case, delivery is held up most by special engineering requested on standard machines," Channock indicates. "We can't afford to build up excessive shelf inventories, or we might get stuck with too many old models if we want to make a model change or improvement."

II. Changing Pattern

Speedier delivery times could have an important effect on machinery production patterns. In the past, non-electrical equipment manufacturers usually had an abundant backlog of unfilled ordersseveral months' production-to draw on when new business petered out. Now there is less prospect that such backlogs will be allowed to accumulate. Although considerably higher than they were a few months ago, backlogs of unfilled machinery orders are now at least onethird below 1953 and 1956 levels-two boom years for machinery makers. Yet new orders and shipments of machinery are at all-time highs.

The gradual shrinkage in delivery time has been going on for several years. Before World War II, manufacturers of non-electrical tools needed about six months to get an order out. By 1955, they could ship in about 4½ months; by 1957, in four months; and now, an average of 3½ months.

 Argument—One big machine tool customer in the Midwest insists the competitive situation facing machine tool suppliers typifies that confronting the non-electrical equipment field as a whole. If a manufacturer can't deliver in 3½ to four months, he just doesn't get the business.

Ray Bosch, purchasing agent for Thompson Ramo Wooldridge, Inc., feels this downslide in delivery time—at least as far as machine tools go—reflects market developments, more than anything else.

"Up to 18 months ago," Bosch said,

"the machine tool field had been very active for the preceding five years. But then early in 1957, demand slackened, and, as a result, we're getting quicker deliveries now."

Here's what the McGraw-Hill survey reveals about deliveries in specific areas of non-electrical equipment production:

Office machinery manufacturers now take longer to turn out a machine than they did a few years ago. This change, counter to the general trend, is probably due to the increasing complexity of office machines in the last few years. Says a spokesman at Addressograph-Multigraph Corp.: "We can deliver a small, standard addressing machine in 30 days today, but the big machines may take several months. Although any model may be standard to a degree, there are many, many combinations of components—feeders, joggers, perforating equipment, numbering attachments," etc. And over 90% of our machines are like this—assembled to the customer's requirements."

Pump and compressor manufacturers have reduced average delivery time from five months in 1955 to only four months this year. However, in 1957, manufacturers needed six months to fill an order.

Construction machinery companies have cut their average delivery time substantially, even though they consistently have had the shortest span between order and delivery. This is likely because a large proportion of their products are standard items. According to the survey, it now takes only a month or less to ship incoming orders. Yet here, too, there are exceptions. The treasurer of one construction machinery firm says his company's delivery time has neither increased nor declined in the last five years, except as guided by supply and demand. "This business runs so much in cycles," he observes. "selling and production may be handto-mouth for manufacturers who don't want to get strapped with burdensome inventories during an off-season."

Mining machinery companies, which are usually classified in the same segment of the machinery industry, take considerably longer to deliver equipment than producers of construction equipment.

Metalworking machinery producers need the longest time of any non-electrical machinery manufacturers to build and deliver equipment after the order is booked—4½ months. However, this is a reduction of 1½ months from their average in 1955. END

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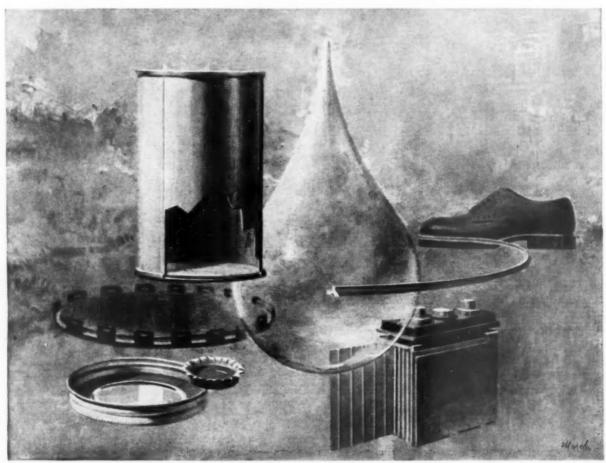
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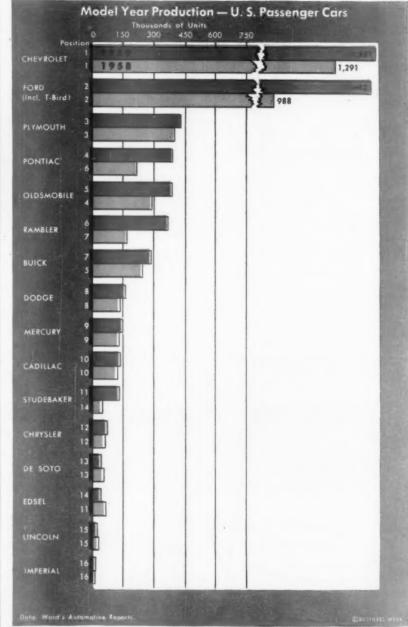
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CHARTS OF THE WEEK



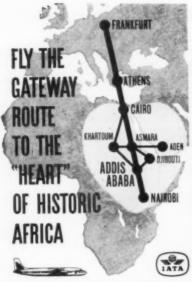
Happier Year for Detroit

The final count is in on Detroit's 1959 model year, and the figures show that U.S. auto manufacturers recovered much of their 2-million-unit production loss of 1958. In 1959, they assembled 5.6-million autos, 1.3-million, or 31%, more than in the previous year but 645,763 under 1957.

The biggest percentage increases in output were chalked up by the two

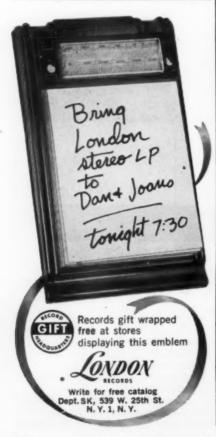
independents: Studebaker-Packard, up 165%, and Rambler, up 131%. Rambler was the only U.S. producer in 1958 to outdo 1957 output. The first U.S. made compact car moved to sixth place from seventh in 1958 and twelfth the year before.

Among the Big Three, Ford scored the heftiest production increase—474,-194 units better than 1958. Chevro-

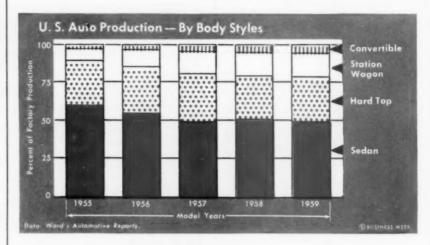


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let upped output 190,016, Plymouth only 25,139. On the losing side, Edsel assembled 44,891 autos during the model year, 18,219 or 29% fewer than in introduction year 1958. De Soto and Lincoln also trimmed production.



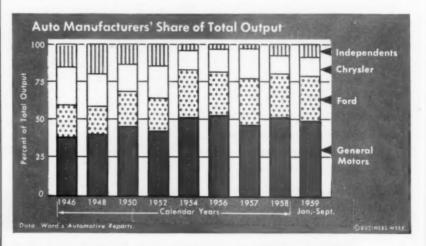
Watch the Wagons Go By

The trend toward larger families and the growth of suburban living have helped increase the popularity of the station wagon. The wagon's share of total U.S. output has more than doubled in the past five years, from 8% of the 1955 models to 16.6% of the 1959s.

The sedan, however, remained the

overwhelming favorite with consumers. Its share diminished, though, from 65% in 1955 to 50% in 1959.

Four-door auto bodies (wagons, sedans, and hard-tops) continued as the most preferred style. The industry predicts that 66% of 1960-model production will go into four-doors. As recently as 1955, they accounted for only 51%.



Auto Makers Switch Position

The U.S. auto industry since World War II has been marked by two notable developments: (1) the decline of the independents, followed by a resurgence of the survivors, and (2) the topping of Chrysler Corp. by Ford Motor Co.

In 1948, the independents turned out 20% of total production. The group lost ground steadily through 1957, when their slice was a scant 3%. The tide turned with the introduction of

American Motors' Rambler and Stude-baker-Packard's Lark. By the end of 1958, the independents had more than doubled their share, to 6.5%. During the first nine months this year, it swelled to 9.3%.

Meanwhile, Chrysler's share of total output dwindled. In 1946, it was 25%, compared with Ford's 21%; by the end of September, 1959, Chrysler had only 13% and Ford close to 30%.

How Flexible Wraps Can Help You Tighten Up On Packaging Costs

Are you permitting needless expense by "over packaging" your products? Did you know that there are flexible wraps available which can give positive protection from damage by water, moisture, dust, dirt, staining or rough handling? The important point is, the cost of these flexible wraps can be many times less than other packaging materials.

Sisalkraft's flexible wraps, are made by laminating together any number of materials to form a protective sheet. We combine paper, foil, plastic film in any desired mix, and add tough fibers for extra strength, if needed. Send for information that will show your shipping room head how these products will help you tighten up on your packaging costs. American Sisalkraft Corp., Attleboro, Mass.



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1959

New dimensions in the Autolite





Accelerated expansion and diversification programs are giving Autolite new opportunities to serve industry with an increasing number of high quality products.

In addition to the continued development of advanced automotive equipment, Autolite is now creating new products, techniques, and services for industrial and military use. Notable developments are being made in nuclear ceramics, miniaturized hydraulics, and in electronics. New products are also appearing in the fields of pneumatics, acoustics, instrumentation, plastics, and aircraft and missile components.

When you talk with the man from Autolite you can be assured that you are in touch with extensive technical, research, and manufacturing facilities. They are ready to serve you and your company.



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BATTERIES—For Aircraft (Rebat), Automotive, Marine, Farm, Bus, Truck, Diesel

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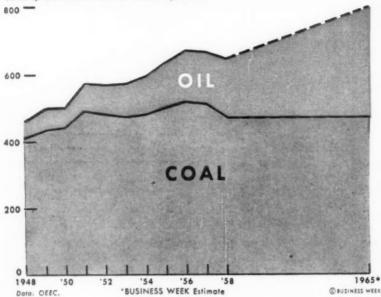
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Autolite brings you NBC "NEWS ON THE HOUR" Monday through Friday.

Oil Comes In, Coal Piles Up

For Europe – More Oil, Less Coal

Consumption (million metric tons of coal equivalent)



WESTERN EUROPE, with almost all its postwar problems solved, is the picture of prosperity and economic stability today—with one painful exception: a glut of coal produced by the worldwide overflow of cheap oil.

This year, there are visible signs of this glut in Britain and on the Continent—piles of surplus coal heaped at the mines and parades of miners protesting job cuts (pictures). Next year, there may be serious unemployment and even violent strikes.

It's already clear that the European coal industry has come to a turning point. Although coal is still Europe's dominant energy fuel, the challenge from oil is so serious that the industry can't avoid disturbing readjustments (chart). The transition will be more jarring than anything that happened when the U.S. coal industry gave ground to oil. It is aggravated by the worldwide extent of the coal surplus, which reaches from Europe to Japan and the U.S.

• Too Much Competition-There are two major reasons for coal's sad plight:

The mounting output of oil in the Middle East, coupled with disaster-level shipping rates.
Zooming production of natural

gas within Europe.

With its relatively high and rigid cost structure, coal just can't stand the competition. Its status would be even worse if social and political pressures didn't lead governments to intervene on its behalf. Even a small decline in coal production can throw thousands of miners out of work, Governments step in quickly with relief measures to allay the resulting unrest.

This year's drop in coal has already resulted in a series of demonstrations and violent outbreaks. In February, a strike of 100,000 miners in Belgium soon led to rioting; police used tear gas and fire hoses to quell the workers. In September, German miners capped a number of demonstrations with a mass march, 50,000 strong, in Bonn to protest lavoffs and short shifts. This week British miners are protesting the National Coal Board's decision to close 46 pits and reduce the work force by 45,000 next year. In a comparable development in Japan, miners are now engaged in work stoppages to enforce demands for more aid for coal.

I. Policy on the Way

Western Europe is just beginning to explore the far-reaching consequences of the shift in fuels.

At the moment, various stopgap measures are in use or under study to ease the coal surplus. In West Germany, for example, Economics Minister Ludwig Erhard is trying to push through a temporary tax of \$7.14 a ton on fuel oil, to check its inroads on coal. But he is meeting stiff opposition

in the Bundestag. Several countries are holding back coal production. At the same time, leaders of the European Coal & Steel Community are laying the groundwork for a new energy policy so that temporary government measures won't interfere with a long-term solution.

· Abundant Oil-It's already obvious that the planning will have to include a much bigger role for oil than foreseen in the present energy policy, established by the Organization for European Economic Cooperation's Hartley Report in 1955. The report predicted 1965 consumption as 555-million metric tons of coal and the equivalent of about 235million metric tons of oil. Now, it looks as if coal demand will rise little, if any, from last year's 475-million metric tons, while oil consumption is likely to climb to the equivalent of about 320-million tons of coal-even if the growth in oil demand slackens from the average postwar rate of 13%

One reason is that the oil supply is increasing fast. Huge new oil reserves have been found in North Africa. France's Sahara oil fields are expected to produce about 1-million bbl. a day by 1965. Plans are afoot to supply Western Europe with natural gas from the rich Hassi R'Mel field either via tanker or pipeline under the Mediterranean. Two new pipelines will soon bring crude oil into the chief industrial regions of Western Germany from the ports of Wilhelmshaven and Rotterdam. Another oil pipeline-this one from Marseilles to Strasbourg and Karlsruheis expected to be completed by 1963. Still another is planned from Genoa to Munich. Refineries will multiply at the terminals of all these pipelines.

With so much oil available, Western Europe's governments are beginning to lower their goals for coal output. Britain's 1965 target has been reduced from 240-million tons to 210-million. The West Germans hope to cut annual coal production from last year's 132-million tons to 122-million within two years. France, eager to exploit its rich Saharan oil and gas discoveries, also wants to diminish coal's role.

II. Closing the Energy Gap

This is a sharp reversal of all the earlier planning by European governments. Ever since World War II, their plans for industrial development have been based on the virtual certainty of fuel shortages—labeled the "energy gap." Because Europe expected its postway scarcity of dollars to be chronic, the governments gave No. 1 priority to coal production, since coal was the only







gradual shift to natural gas and oil from rich Sahara reserves.

WEST GERMANY: Ruhr miners march on Bonn demanding job protection and back pay lost because of coal cutbacks.



BUSINESS WEEK . Nov. 7, 1959

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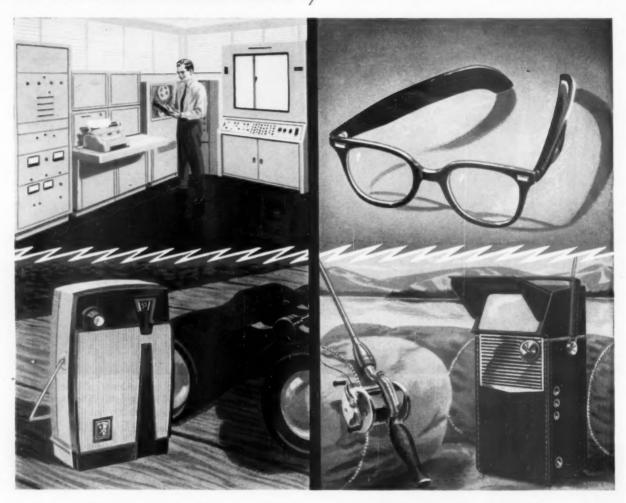
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Business Abroad 129

EAGLE-PICHER / Manufacturer's Manufacturer



Anticipating the needs of industry well in advance is characteristic of Eagle-Picher, a manufacturer's manufacturer. Certainly this has been true in the complex problem of extracting and refining Germanium, the metal that made transistors possible.

When in 1942 The National Defense Research Council became interested in Germanium, they were surprised to discover that Eagle-Picher could supply C.P. Germanium Oxide from a pilot plant established in 1941. Since then, the oxide has reached a purity standard of 99.999%. Eagle-Picher also pioneered the production, in 1944, of First Reduction Germanium Metal and, in 1953, offered Intrinsic Germanium Metal to its manufacturing customers. We were the first to upgrade this important semi-conductor to its 40 ohm-cm minimum. Today, Germanium transistors are commonly used in computers, radios, lightweight portable television sets, hearing aids, military communications equipment, missiles, ground support systems and many other defense and consumer products.

To the electronics manufacturer and his research staff, we do more than offer Germanium in widest variety of forms. We also have available our own extensive research in semiconductors. We will be pleased to hear from you and will cooperate fully.



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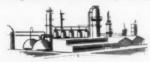
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MINING AND SMELTING DIVISION

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. . . Suez was the turning point. It proved that Western Europe was not completely dependent on Middle East oil . . .

(STORY on page 128)

plentiful fuel available locally. Hundreds of millions of Marshall Plan dollars were spent to rehabilitate old mines and develop new ones.

Each country set ambitious plans to boost coal output, since every extra lump would be needed to meet expanding needs. Plans had to be long-range because European mines usually take up to 10 years to reach full production. Once the digging starts, production can't be turned on and off without serious losses. The British, for example, drew up a 15-year coal program calling for \$4-billion in investments.

· Miners Recruited-The producers exerted every effort to recruit miners and to make mining more attractive. Right after the war, miners were given extra food rations, clothing, and free housing, on top of high wages, in all the coalproducing countries. In West Germany, the burgermeister of one Ruhr town was on hand with a brass band to greet the 300,000th miner to enter the pits.

When local workers failed to respond to these lures in sufficient numbers, unemployed laborers were imported from Italy to man mines in Britain, France, Belgium, and West Germany. So many Italians were brought into Belgium and France, in fact, that they soon came to predominate in some areas. By 1952, when Western Europe's coal production had returned to prewar levels, some 1.3million miners were employed underground, with many more working on the surface.

All of these exertions were given greater impetus by the Hartlev Report, containing the findings of an eight-man commission headed by Britain's Sir Harold Hartley. The group foresaw an energy gap continuing to increase through 1975. Each 1% increase in gross national product was expected to require an eight-tenths of 1% growth in energy demand. So the commission recommended maximum efforts to develop coal resources, as well as more efficiency in coal and other fuels.

· Switch Begins-For coal, these recommendations backfired, in a sense. Many industrial users, anticipating a longterm coal shortage, speeded up their switch to oil, especially when putting up new plants. Others installed dualfiring furnaces that could handle either fuel. As Europe's railroads were modernized, more and more coal-burning locomotives were replaced with diesels or electrics. The use of fuel oil increased for generating electricity and making gas. For the first time, oil grew in importance for home heating. Britain gave household use of oil a boost with

its "clear air" laws, discouraging smoky coal fires, and with the introduction of low-priced space heaters burning fuel oil or kerosene.

Rising coal prices did even more to stimulate the use of oil. In Britain, the average pithead price of coal climbed 50% between 1950 and 1958-while fuel oil prices remained steady. The price pattern was roughly the same on the Continent. The increasing cost of coal partly reflected the growing affluence of Western Europeans. With plenty of jobs available, miners could demand-and get-higher and higher wages. Coal prices rose apace. In West Germany, miners' wages rose 70%, from \$2.72 per man per shift in 1950 to \$4.62 this year. This was matched by a 72% jump in average coal prices, from \$7.17 a ton to \$12.33.

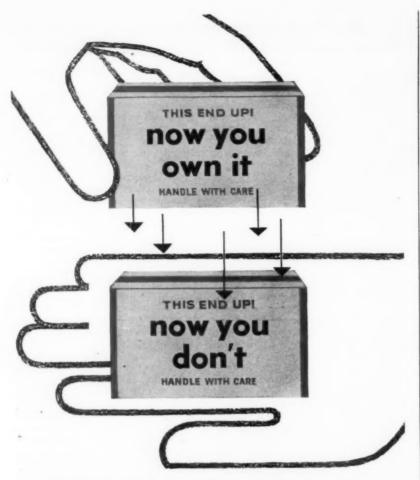
Prices went up because productivity made no appreciable gains anywhere except in France. Most of Europe's coal seams are thin, irregular, and deep, so that wholesale mechanization on the U.S. pattern is out of the question. When old seams are worked out, new shafts must be sunk as much as 1,000 ft, down to the coal face.

· Post-Suez Confusion-In spite of rising prices, coal consumption continued to rise along with industrial production, just as the experts had forecast. When the Suez crisis threatened oil supplies in late 1956, coal seemed more important than ever.

In fact, though, Suez was the turning point. It proved that Western Europe was not completely dependent on the unstable Middle East for oil after all; oil from Venezuela and the U.S. together with U.S. coal, could meet Europe's needs at least temporarily. Even so, once the Suez crisis was over, the flow of Middle East oil became heavier than ever.

By early 1958, the stage was set for today's coal crisis. Prices of oil products began to weaken as more and more Middle Eastern oil flowed in; meanwhile, tanker rates plummeted. Even though Western European industry in general was sliding into a recession last year, oil consumption jumped 18%. At the same time, coal use slumped about 7%. And coal imports from the U.S., bought on long-term contracts during Suez, added to the oversupply.

Last winter, the situation was already acute. Contracts for U.S. coal were canceled right and left, while cutbacks began in Western European mines. These led to the miners' demonstrations that have marked the scene this vear. END



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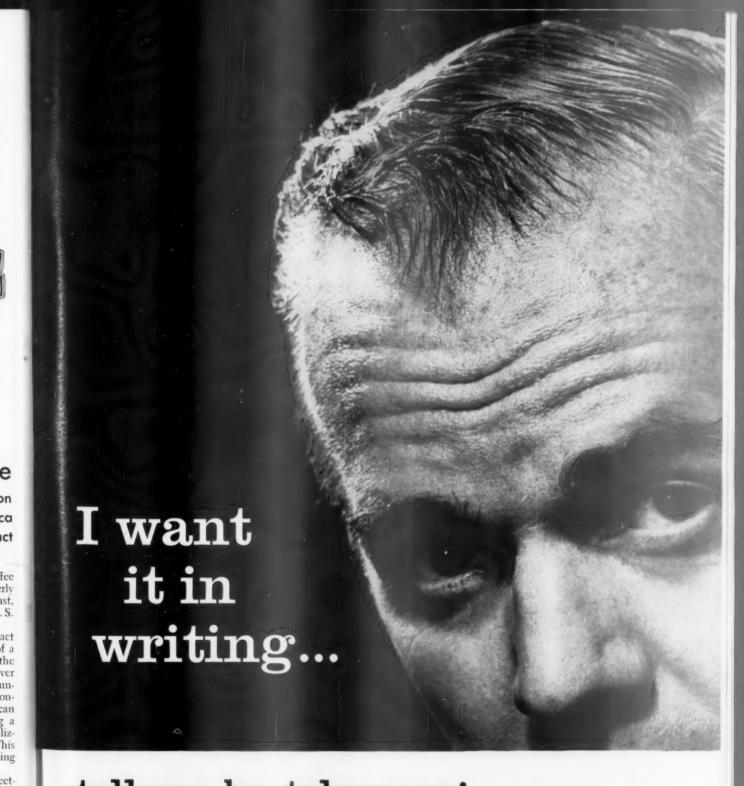
Gringos Welcome

Formation of common market in Central America sets off campaign to attract foreign capital.

Central America's banana-and-coffee republics (map), which have bitterly attacked foreign companies in the past, put out a welcome sign this week: "U.S. and European investors wanted."

Behind the new campaign to attract foreign companies is the formation of a Central American common market—the first of its type in Latin America. Over a month ago, the string of tropical countries between Mexico and Panama (considered outside the Central American region) signed an agreement setting a common tariff on imports and equalizing intercountry custom duties. This followed last year's agreement forming the five-nation market.

• New Industry—Last week, at a meeting in El Salvador, over 100 local and foreign businessmen joined Central American officials to debate the common market's problems and potentialities. Their conclusions: Through industrialization, Central America could eliminate about \$140-million worth of non-durable imports (such as textile goods) yearly. For U.S. businessmen, the hottest topic was not whether they should build plants, but what would be



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I get your message at a glance...give it my immediate attention. Facts and figures are clear and in writing. I save time and money doing business by telegram. You, too?

WESTERN UNION

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General Manager, Transmissions Manufacturer

This is a direct quotation from a McGraw-Hill subscriber. His answer to the question of how he responds to advertising comes from continuing readership studies. It pinpoints one of many roles advertising can play in a marketing program. But in the final analysis, no matter what objectives you assign to it, advertising helps to sell your products and services.

"We sent for a particular motor they advertised. So far, it is quite satisfactory."

Aero-Hydraulic Supervisor, Hydraulic Pump & Press Manufacturer

"After seeing their ad recently, I called in the local representative. We're now using the product in our plant."

Vice President, Paper Products

"We called to get additional information on the equipment they advertised, then purchased it."

Electrical Engineer, Aircraft Tools Manufacturer

"The equipment they advertise would be very handy.
I'll put in for it."

Purchasing Agent, Appliance Manufacturer

"The ad showed a pump that would do the work for us. I ordered it."

Project Engineer, Textile Company

"This ad influenced our thinking, because the equipment fits the operation in a new mine we're opening. We plan to contact their representative."

General Superintendent, Coal Company

"This ad deals in circuits we work with, shows something new. We've talked it over and plan to purchase."

Production Engineer, Electronic Equipment Manufacturer

"I've been reading their ads in connection with a new factory we're building. One of their men is drawing up some plans and costs estimates right now."

Vice President, Shoe Manufacturer

Readers respond to advertising in many ways, as all these *direct quotations* show. They are taken from continuing readership research, designed to find out the kind of buying action advertising in McGraw-Hill publications stimulates. Your McGraw-Hill representative will be glad to furnish additional evidence.

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Return Engagement of



by Gimbel's Store...

Having proved a major attraction over the Holidays at Gimbel's in Philadelphia, the Store has already contracted with the owner, Sidney Diamond, for the return of this Frick portable rink, next Christmas.

Larger Frick rinks are in operation in dozens of cities, new ones being lately built at Philadelphia, Lancaster and Hershey, Penna.; Buffalo, Ithaca and Commack, N. Y.; Athens, Ohio; and San Francisco, Calif.

These ice rinks are another example of the universal uses of Frick Refrigeration-

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the best location. And would there be too many producers in a given industry?

General Tire & Rubber already has a plant operating in Guatemala. Owens-Illinois Glass Co. is considering building a bottle factory. But in the paint field, everybody is getting into the act. Glidden Co. and W. P. Fuller & Co. seem ready to link up with Guatemalan private capital to produce paints. Sherwin-Williams Co. is putting up a plant in neighboring San Salvador. A Costa Rican-owned plant is expanding output. To improve regional integration, the Salvador conferees agreed to form a paint manufacturers' association.

Interest in setting up fertilizer plants is also stirring competition between countries. Guatemala, Costa Rica, and Salvador are jockeying to get an \$8-million fertilizer plant, partly financed by Dillon, Read & Co. and backed by West German machinery producers.

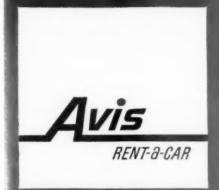
West German machinery producers.
• Financial Aid—While foreign businessmen are just beginning to realize the part they can play in Central America's economic development, the World Bank has been helping to lav the groundwork for the past few years. It has financed an \$18-million road program in Guatemala. It is studying loans for several hydro projects. One such project in Honduras would supply power for a planned \$30-million paperand-pulp mill in which Crown Zellerbach Corp. and National Bulk Carriers, Inc., are showing some interest. And the bank may help sponsor a regional bank for economic development.

• Lop-Sided—Even when cooperating as an economic unit, Central America's countries are economic lightweights. Total population is around 10-million. Gross national product for the five combined is estimated to be only \$1.9-

In most ways, too, the region is lopsided. Costa Rica is primarily a country of Europeans; Guatemala's 4-million are mostly Indians. Then, one crop—bananas—dominates the economies of most of the countries, with United Fruit Co. and Standard Fruit & Steamship Co. the main producers. On top of that, internal political upsets and border squabbles have rocked the countries, to the point where newsmen call the region the "Little Balkans."

• Progress—But the common market idea isn't new. After winning independence from Spain in 1821, the countries worked as a federation for some 16 years. Recently, faced with fast-growing population—4% yearly—and slow economic development, the countries again have tried to put aside past squabbles.

Now, enjoying reasonable political stability and with their countries linked by the Interamerican Highway, Central Americans believe that light industries serving the area now make sense.



Here's how the Avis Corporate Travel Plan saves time and money for Combustion Engineering!



In a typical month, men from different Combustion Engineering offices rent cars in many different parts of the country. The Avis Corporate Travel Plan helps reduce travel costs, saves time and money in the field, and cuts bookkeeping red tape!



Fleets of new cars-featuring 1960 Fords!

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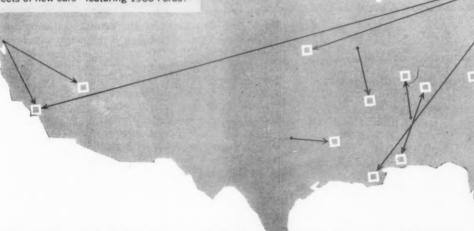
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Combustion Engineering is one of the world's largest manufacturers of steam-generating equipment . . . serving customers from coast-to-coast and around the world! Travel is built into the business.

Car rentals save time and add flexibility to business trips. And the Avis Corporate Travel Plan performs a new service for them. Says E. E. Keeler, of C E General

Sales: "We're always looking for more economical ways to serve our customers. The Avis Corporate Travel Plan has made savings in three important areas for us. 1. It helps us reduce the cost of being on-the-spot-whenever and wherever needed. 2. Our men in the field save red tape and expense-accounting. 3. Our separate offices from coast-to-coast keep accurate control with real savings in paper work."

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In Business Abroad

Britain's Biggest Manufacturer Cuts Work Week to 42 Hours

Britain's trade unions this week achieved a major gain in their campaign for a shorter work week (BW-Oct.10

'59,p157).

Imperial Chemical Industries, Ltd., largest British manufacturing company, has agreed to cut working hours for 60,000 workers from 44 to 42 hours a week. Another 15,000 are already on 42 hours. The two groups compose a majority of the labor force at ICI, which makes chemical, metal, and industrial products.

The 23 unions that negotiated the concession have already submitted demands for a shorter work week to other industries. Their drive will now be intensified,

with the ICI decision giving it more push.

Under the agreement, the unions have guaranteed they will attempt to raise productivity to offset the anticipated rise in ICI's operating costs. Not yet settled are adjustments of hourly wage rates. The union and ICI are negotiating to insure that no worker takes home less money because of the reduction in hours.

Compromise on Ownership of Volkswagen Will Put 60% Control in Private Hands

The long dispute over ownership of Volkswagen Werke, maker of the small car so popular here, was settled in West Germany this week. The federal government and the state of Lower Saxony agreed to a compromise that will put majority control of the company in private hands.

The federal and state governments both claimed ownership of the auto company, following dissolution of the Nazi "Labor Front," which founded VW. The company

is located in Lower Saxony.

The compromise accepts the right of the federal government to legal ownership. But the two parties agreed that each will hold 20% of the outstanding shares and 60% will be sold to the public. Proceeds from the public sale and dividends from federal and state shares will finance a foundation for science and technology in Lower Saxony.

Legislative details in Bonn and Hannover, capital of Lower Saxony, will delay the sale until 1960.

Argentina Cuts Federal Payroll To Live Within Austerity Limits

Argentina's Economics Minister, Alvaro Alsogaray, is a happier man these days than he was last July, when he was appointed to take charge of Pres. Frondizi's faltering austerity program.

Alsogaray's first efforts are taking effect. He has lopped 35,000 employees from the massive government payroll, a step unheard-of before—at least in the memory of most Buenos Aires observers. By yearend, payroll cuts may reach the 60,000 mark.

But Alsogaray's problems are far from over. "We must reduce the budget deficit," he says. Continuing inflation makes this difficult—the cost of expanding the country's numerous state enterprises is constantly rising. A new power plant will cost \$210-million instead of the previ-

ously budgeted \$100-million.

Any break in Alsogaray's hold-the-line policy on wages and prices could swell the deficit. Such a break could come any time. Frondizi last week signed a decree that prevents the Peronistas from operating as a legal party. This may well enhance their popular role as a "protest" party and make them more likely than ever to press for higher wages.

Majority of Anti-Communist Socialists Forms Moderate Left Party in Japan

Japan may be getting a moderate left-of-center party that will provide effective opposition to Prime Minister Kishi's Liberal-Democrats, the party that has held power

since the end of the U.S. occupation.

When right-wingers recently bolted from the Socialist Party, long dominated by the extreme left-wing Sohyo Labor Federation, it looked as if the entire left-of-center was splintering. But this week the insurgents formed a new party by pulling with them a majority of the anti-Communist Socialists, including most of the Socialist Party organization and two strong labor unions.

Chances of this party's coming to power soon are poor. But, being moderate, it may well be strong enough to influence the present regime. Most Japanese left-wingers favor more trade with Communist China, fewer economic ties with the U.S., withdrawal of U.S. armed forces stationed in Japan, and retention of the Constitution's "no-war" clause. Kishi's government advocates closer alignment with U.S. economic and foreign policy.

Business Abroad Briefs

Courtaulds, Ltd., British chemical company, has formed two new North American subsidiaries to "explore and develop opportunities" outside textiles. Courtaulds North America, Inc., with headquarters in New York, and Courtaulds North America, Ltd., of Montreal, are part of a diversification that has put the company into petrochemicals, plastics, steel tire cord, and paint, in addition to manmade fibers.

The Export-Import Bank has issued \$34-million in credits to Societa Elettronucleare Italiana (SELNI) for purchase of components for a 165,000-kw. nuclear power plant to be built in northern Italy. This is Ex-Im's first loan for a single atomic power project. Total cost of the plant, slated to go into operation in four years, is \$64-million. Westinghouse Electric International Co. is providing the equipment and design.





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INTERNATIONAL OUTLOOK

BUSINESS WEEK NOV. 7, 1959



Pres. Eisenhower clearly intends to make his mark on world affairs before he leaves the White House. There is no other way to interpret his decision to spend the better part of December abroad—visiting nine countries in Europe, Asia, and Africa and attending a Western summit meeting.

This wide-ranging tour, of course, is only part of Eisenhower's bold venture in personal diplomacy. His really big move came when he arranged for the exchange of visits with Soviet Premier Khrushchev. Now he wants to be sure that his efforts to achieve a U.S.-Soviet accommodation don't cause confusion and disunity in the free world.

- While he is abroad in December, the President aims to:
- Reassure Turkey and Iran that the U.S. won't seek to improve relations with Moscow at their expense.
- Pledge continued support for India's economic development, while cautioning Prime Minister Nehru against accepting too much Soviet aid.
 - Support Pres. de Gaulle's plans for ending the Algerian war.
- Convince de Gaulle there is a good chance of easing East-West tension through a series of top-level talks with Khrushchev.

In his Paris talks with Macmillan, de Gaulle, and Adenauer, the President will push for an East-West summit no later than March. He wants to keep the diplomatic ball rolling.

Eisenhower also will try to resolve the differences over Berlin that now divide Macmillan, on the one hand, and Adenauer and de Gaulle, on the other. Although Adenauer has been saying that Berlin should be excluded from the agenda of an East-West summit, he knows this is impossible. He is really trying to force the British to take a tougher stand on Berlin than they did last spring at the Geneva foreign ministers' meeting.

But note this: Adenauer will not back de Gaulle's argument that NATO should be run by a "Directorate of Three"—the U.S., Britain, and France. Adenauer is willing to have France stand a half-step ahead of Germany as an international power, but no more than that.

The State Dept. will approach Moscow soon to suggest a date for formal negotiations to settle Soviet lend-lease obligations. Eisenhower convinced Khrushchev at Camp David that a lend-lease settlement would be needed before U. S.-Soviet trade relations could improve (BW—Oct.10'59,p32).

The U.S. bargaining position has been just about worked out, and negotiations could begin within a month. An agreement would be followed quickly by a number of U.S. concessions on trade policy—the kind of concessions that could lead to some increase in trade.

Meanwhile, U.S. trade with the Soviet Union has increased a little, although it still is a mere trickle. If you compare the first eight months of this year with the same period of 1958, the figures are these: Exports to the U.S.S.R., \$4-million against \$1-million; imports of Soviet goods, \$18.2-million against \$12-million.

Remember, though, that swings in such a small volume of trade don't necessarily point to any trend.

INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK NOV. 7, 1959 This week, London pretty well scrapped its elaborate system of import controls—a system of quota restrictions that goes back to the outbreak of war in 1939. Starting Nov. 9, Britain will depend almost entirely on tariffs to protect its domestic market. (The new rules don't apply to the Communist bloc or, as yet, to Japan.)

For the U.S., the big news is the virtual ending of "dollar discrimination." Quotas are coming off a wide range of U.S. export goods, including autos, textiles, and dozens of industrial items. Among the few American products still subject to license, the most important are commercial aircraft and certain fruits.

The British have been talking of such a move for the past year. But it's unlikely they would have moved as fast, or as far, if Washington hadn't been insisting that it was time American goods got a fair break in the British market. The U.S. drive to get rid of dollar discrimination is just one thing Washington is doing to reduce the deficit in the U.S. balance of payments (page 32).

Premier Castro's anti-U. S. campaign in Cuba has moved a step farther —from TV oratory to open measures against U. S. companies.

Last week, he pushed through a new mineral law slapping a 25% tax on ore exports. Main target is Moa Bay Mining Co. (subsidiary of Freeport Sulphur), nickel-and-cobalt producer now building a \$75-million plant. Then, he laid the groundwork for a tougher petroleum law by seizing the private files of foreign oil companies.

This week, the all-powerful Agrarian Reform Institute grabbed about 75,000 acres of foreign mineral concessions to redistribute to peasants. Included were nearly 10,000 acres held by Bethlehem Steel. The biggest blow is yet to come—expropriation of U. S.-controlled sugar lands probably early next year.

Meanwhile, Washington is trying to cool Castro's heated complaints against the activities of Cuban exiles here. It has tightened controls on some 100 Florida airfields—often used for "illegal" flights to Cuba. It also has warned against setting up "exile governments" here.

Still U. S.-Cuban relations aren't likely to improve. The Soviet Union's influence in Cuba is spreading, partly through stepped-up sugar purchases. Communist strength in the island is increasing. Eisenhower pointedly mentioned Communist inroads at this week's press conference.

The bloom is off Venezuela's oil-prosperous economy. For the first time since World War II, the country is limiting dollar transactions. Central Bank's gold-and-dollar reserves are still adequate—around \$700-million. But they have dropped sharply from a peak \$1.3-billion two years ago. And the government is running a \$115-million trade deficit on current account.

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Venezuela's dollar drain began shortly after the overthrow of dictator Perez Jimenez' regime in January, 1958. The hike in oil taxes temporarily helped to offset the growing dollar shortage. But recently the dollar deficit has increased. Reasons: Fears of political instability, labor troubles in the oil industry, and rumored devaluation of the bolivar have led to a flight of capital.

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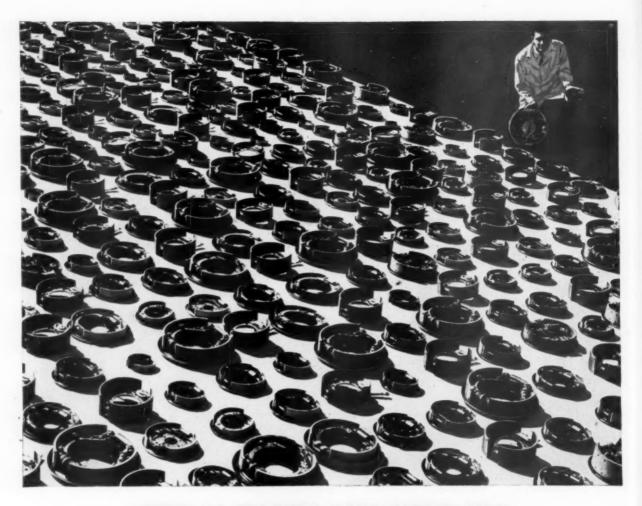


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Labor's Own Cops Stay on Beat

Leaders of AFL-CIO thought this fall's new labor reform bill would relieve their own anti-corruption police of much of their work.

But it hasn't turned out that way; the pressure is still on labor to do a lot of its own housecleaning.

An early test will arise out of the new charges filed against Carpenters' Pres. Hutcheson and a colleague.

For five years, the AFL-CIO has had its own police force to guard against labor racketeering. But when Congress in September approved a tough new anti-corruption law, labor leaders hoped most of the responsibility could be shifted to the government through the new statute. This hope, in fact, was the main reason why the labor brass supported the idea of anti-corruption legislation in the first place—though they opposed the final bill because of its provisions dealing with boycotts, organizational picketing, and such.

Now it looks as if they guessed wrong. One major corruption case has already been laid on the AFL-CIO doorstep—and others can be expected

to follow

The cleanup pressure falls on labor leaders themselves for several reasons. For one thing, long legal prosecutions keep heat on unions to do something themselves. Then, too, some cases don't fall under the laws now on the books but do violate the AFL-CIO's own anti-corruption codes.

• Three Fronts-Here's what is hap-

pening:

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• The Brotherhood of Carpenters became a top corruption target when (1) a District of Columbia grand jury indicted Pres. Maurice Hutcheson for contempt of Congress and (2) the Senate's McClellan committee blasted both Hutcheson and a top carpenter's union official, Charles Johnson, for alleged racketeering.

• The Justice Dept. disclosed establishment of a new "labor rights section" to ride herd on labor racketeering, U.S. attorneys have been given priority to prosecute labor cases ahead

of other criminal cases.

 On Capitol Hill, a permanent watchdog committee is being planned to replace the dying McClellan antiracketeering committee. Its job will be to keep a close eye on corruption in unions.

The AFL-CIO will not be able to ig-

nore the pressures building up along these three fronts. It will gauge, however, how intense and how long such pressures will last. And, it will adapt its housecleaning tactics accordingly. The Carpenters' case will be the first test of the shifting strategy of the

I. U.S. vs. Carpenters

The new charges against the Carpenters' Hutcheson and his colleague compounded the troubles of the big craft union within the AFL-CIO. Up to now, these troubles had been quietly laid aside by the federation's executive council.

Many months ago, Hutcheson was indicted by an Indianapolis grand jury on charges of a conspiracy to make illegal profits by buying and then selling land to be used for a highway right-of-way. At the time some council members wanted to remove Hutcheson from his council seat. But the majority decided to hold off at least until after the court trial

The new indictment of Hutcheson may force a change. The District of Columbia grand jury accuses Hutcheson of contempt for refusing to tell the McClellan committee whether, as alleged, he used union funds to fix a Lake County (Ind.) grand jury in the highway case.

• Backed by McClellan—The McClellan committee, in a new report, backs the "fix" charge. It accused Hutcheson of "using a fixer in an attempt to head off" his indictment by the county grand jury. Hutcheson, at the time he appeared before the committee, declined to testify on the grounds his case was then before a grand jury.

When the executive council voted to wait out Hutcheson's first indictment, it did so because the charges did not say that Hutcheson had used union funds in the Indiana scandal. However, the new McClellan charges contain this

accusation; if it's true, it would be a direct violation of the federation code of ethics.

• New Defendant—Up to now Hutcheson alone had been the corruption target, but the McClellan committee also cites New York Carpenters' chief Charles Johnson, Jr., for "conflict of interest"—another AFL-CIO code violation—and misuse of more than \$500,000 in Carpenters' funds.

"In view of the evidence before this committee," the McClellan report said, "it is apparent that Johnson should be stripped of any positions of responsi-

bility within the union.'

This throws the ball to the AFL-CIO, which, in the past, has demanded that member unions take action against allegedly corrupt officials. When they haven't done so, the federation has

stepped in.

• Disillusion—For some time, the labor federation has been disenchanted with the McClellan committee. At the AFL-CIO's convention this fall, the committee was denounced for "an ill-concealed effort to discredit and weaken . ." the labor movement. There was a time when the AFL-CIO ethical practices committee acted promptly, solely on McClellan committee evidence, against the committee's targets. This time, however, there was no reaction.

II. Shift of Strategy

Neither George Meany nor other federation leaders expected to be free of corruption troubles under the 1959 labor reform law. But they decided to lower the pitch on their own antiracketeering drive, in order to avoid adding to the excitement.

Instead, union leaders have switched strategy on the corruption issue—from prosecution of racketeering to repair of the cracks in the "house of labor" dating from earlier entanglements with corrup-

tion.

Last week, the way was cleared to permit the International Longshoremen's Assn. to return to the labor federation, from which it was expelled five years ago for corrupt leadership. The AFL-CIO's own dock union voted ->5,559 to 1,340-to disband and rejoin the ILA. That left ILA free, in turn, to reaffiliate with the AFL-CIO.

• Why the Change—It cannot be said that Meany and other AFL-CIO leaders have shifted on the principle of corruption. But their fervor for self-policing had been diminishing anyway because

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"There is nothing finer than a Stromberg-Carlson" STROMBERG-CARLSON the program was not entirely effective. And it virtually vanished when Congress voted a reform bill over their violent objections.

The change reflects the recent inactivity of the federation's own cleanup squad-the five-man ethical practices committee. Housecleaning problems have been shifted to the AFL-CIO's top-level executive council, which can be more maneuverable on the subject. The council put off action against Hutcheson despite some pressures within its ranks to take definite action.

· Back on Probation-The return of the longshoremen's union was worked out by three council members, instead of by the ethical practices committee. When Meany appointed the special ILA committee, however, he noted that several of its members served on the

ethical practices team.

The assignment shift was not explained at the AFL-CIO convention, where the ILA application to return was conditionally accepted. Meany pointed out that "we can say with some pride that we did some good when we kicked them out and we are ready to take them back . . ." But the dock union returns on two-vear probation. The AFL-CIO executive council, which still must vote formal readmission, will oversee the union's operations for that period.

· Teamsters Battle-Behind the AFL-CIO shift on corruption is another important factor-in the person of Teamsters Pres. James R. Hoffa. The truck union president has been the No. 1 target of Meany and other AFL-CIO leaders; a major disillusionment in their reform efforts has been the failure to make a dent in Hoffa's strength. Since the Teamsters were expelled in 1955, the union has gained more members than any other labor organization. Neither the Teamsters nor Hoffa's authority has been diminished by the ouster.

In addition, of late a growing number of AFL-CIO leaders believe that ousting the giant truckers union was a mistake and one that ought to be rectified.

But Meany has not given up. In fact, his open bid to ILA to return, apparently in advance of a complete cleanup, is a new attempt to isolate the Teamsters further from the rest of labor

The dock union and the truckers work closely together on the waterfront. Hoffa has consistently pushed to enhance this tie-up. But when the ILA returns, it will come up against the AFL-CIO's rules against associating with the Teamsters. The question is whether the ILA will enjoy the same out offered by the federation to other unions. AFL-CIO bars cooperation with the Teamsters international but allows local agreements with honest locals of the expelled union. END

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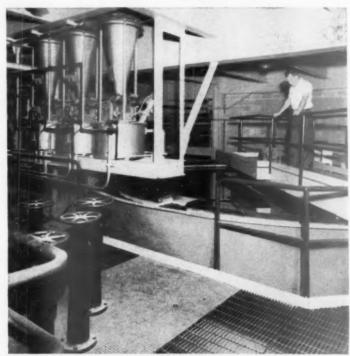
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QUALITY

Wage Pacts: Fewer and For Less

Unusual decline in third quarter is due mainly to uncertainty over steel settlement. Management's tougher bargaining stand also plays role.

Fewer wage settlements were announced during the third quarter of this year than in the second quarter, contrary to the usual pattern in col-lective bargaining. And, according to the Bureau of National Affairs, a Washington reporting service, settlements ave aged a penny less than before, 8.9¢ an hour.

The decline in the number of new con ract agreements and the lower figure for wage increases reflect the uncertain ty in steel negotiations. Many company and union bargaining committees -n tably those in the aluminum and cai industries-elected to wait to see what steel would do before settling.

he slowdown of negotiations in the the d quarter and the small settlements also reflect management's tougher bargaining attitude.

tep-Up Ahead?-Developments in ste | bargaining indicate a possible stepup of negotiations in other areas. The Ka er Steel Corp. settlement (BW-Oct.31'59,p25) will have a strong influence in bargaining between the same union and the Kaiser Aluminum & Chemical Corp.

It could also influence decisions in future negotiations between the USW and the Aluminum Co. of America and the Revnolds Metals Co.

USW contracts covering 33,000 emplovees of Kaiser, Alcoa, and Revnolds aluminum operations expired this past July. The three major producers complained that they were hampered in bargaining with the union by the fact that steel contract talks were going on simultaneously-and that the USW apparently was trying to force on them terms that it wanted from the steel industry, to create a roundabout pressure on the steel industry for an agree-

The aluminum companies balked at this. They took a bargaining position similar to that of the steel companies, united in principle if not in fact, against USW. They talked openly of taking a strike, if necessary, to avoid being used by the union in its maneu-

On the eve of a showdown, Edgar F. Kaiser of Kaiser Steel and Kaiser Aluminum won a contract extension from USW. Quickly negotiated for Alcoa and Reynolds, too, it deferred bargaining in the aluminum industry. · Can Outlook-The Continental Can Co. and American Can Co. also have contracts with the steel union. Just before a bargaining deadline, the companies and USW agreed to an extension until 30 days after a settlement in basic steel or Jan. 1, whichever comes first. Contracts can be terminated then on a 10-day notice by either party. Terms will be retroactive to Oct. 1

When the can companies announced the contract extension, an American Can spokesman was asked whether the delay meant that his company would agree to accept substantially what comes out of the steel negotiations. "Emphatically no!" he replied. Because of the differences in the economics of the steel industry and the can industry, steel "cannot set the pace for can negotiations," he said. Nevertheless, steel terms-when they come-will exert a strong influence on can settlements.

· Nonferrous Impact-The biggest copper strike since 1946 has reduced production in the nonferrous industry to 25% of normal for more than two months and idled 40,000 workers in 13 states. Two unions are involved-the USW and the Mine, Mill & Smelter

• Holding a Line-The question is: How will other negotiations be influ-

The same key factors are involved in USW's bargaining with the steel, aluminum, can, and nonferrous emplovers. They are:

· Management's determination to hold down employment costs,

· Its equally firm determination to strengthen its right to make decisions involving the efficient and economically sound operation of its production facilities-without a union veto.

Unquestionably, employers in these and other industries have been strengthened in their negotiations in these controversial areas by the adamant stand of the steel companies. It's almost as certain that the union position reflected in the Kaiser Steel settlement -a wage fringe package of 22½ € an hour -will, at least, enable them to hold a fairly tight wage line.

According to the latest Bureau of National Affairs figures-and they are supported by AFL-CIO and federal statistics-settlements in industry generally have been running so far this year between 7¢ and 11¢ an hour for direct wages alone.

Despite an improved favorable business climate in the third quarter, wage

increases settled to lower levels-according to BNA, settlements for a dime or more declined sharply in number, and those in a 7¢ to 9¢ range climbed from 24% of all reported settlements in the second quarter to 32%.

The prospect is for this lower settlement pattern to continue into 1960. According to a BNA analysis of 1,900 deferred increases due in 1960, the average is just under 8¢ an hour-a figure that may be the settlement "floor" for the year ahead.

The BNA report shows that in manufacturing, the average deferred increase in 1960 will be 7.1¢ an hour and in nonmanufacturing, 9.9¢ an hour. But excluding construction—where deferred increases are unusually large and numerous-the nonmanufacturing average drops to 7.5¢ an hour.

· Swift Terms-Swift and two unionsthe Amalgamated Meat Cutters & Butcher Workmen and the United Packinghouse Workers-reached agreement on new two-year contracts after a 52-day strike. Under the wage terms:

· An estimated 16,000 of Swift's 18,000 packinghouse workers will receive immediate 81¢-an-hour raises, with another 61¢ due Sept. 1, 1960.

· About 2,000 Swift employees in Southern plants will get less. Those in Nashville will receive 81¢ an hour this year, no raise in 1960. Elsewhere in the South, Swift workers will get 5¢ an hour now and 31¢ more next Septem-

The two unions insisted during the walkout on an equal raise for the Southern workers, and on a number of work practices demands. They failed to gain substantially on any of these. Nor did Swift grant a union shop or an automation fund as set up in the earlier Armour settlement (BW-Scp.19'59,p56).

· Other Settlements-Meanwhile, the Fruehauf Trailer Co. and the Allied Industrial Workers settled a 53-day strike of 1,450 workers in Avon Lake, Ohio, by a two-year contract for an immediate 8¢ wage increase and 7¢ in mid-1960.

The 51-day-old strike of glass moldmakers ended this week. Terms call for 27¢ hourly hike over 22-month contract period plus an arbitration clause as well as a definition of moldmakers'

And a barge line strike that had tied up a substantial part of the country's inland waterways freight traffic since July 1 ended last week (BW-Jul.18 Members of the Masters, '59,p96). Mates & Pilots, the Marine Engineers and the National Maritime Union ratified agreements that included \$30-\$35 monthly boosts for the officers and 9¢an-hour for the deckhands. END

Important Message to Truck Buyers-

What is the big difference between these two trucks?

Although these two WHITE 3000's look alike, they are vitally different! Each has been engineered, from the ground up, to meet the specific needs of a different owner.

As a matter of fact, his company name went right with his truck through every inch of the production line... from the first laying of the chassis rails to the last coat of shining paint. Now it's his built-to-order WHITE,

designed to fit his job.

Why settle for less?

Invite us to study your needs. Then after you choose the White 3000 gasoline or diesel power plant you want, we will custom-engineer all other components (axles, transmission, frame, steering gear) to your exact power and weight requirements.

You'll find the WHITE concept of custom-engineering one of the big reasons why White trucks give you a competitive edge in your business.

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Railroads Submit Plans to Modernize And Cut Expenses All Down the Line

The nation's major railroads this week formally submitted to the five operating brotherhoods the industry's demands for modernization of rules governing job assignments and methods of pay for 210,000 operating employees. The demands were submitted as the old memorandum of agreement between the carriers and the unions expired Nov. 1.

The carriers charge that obsolete work rules cost the industry some \$500-million annually (BW-Sep.26'59, pl 7). The unions contend that management wants to tak away hard-won gains and established work practices.

The railroads are seeking the elimination of firemen on diesels in freight and yard service at a saving of \$2 0-million. They also estimate that revision of the du l-pay system would save another \$150-million. Other rules changes would:

• Eliminate multiple crew changes on short runs at permit crew operations to be extended in keeping with rising train speeds.

 Wipe out lines now drawn between work performed by road and yard crews. Management also would en rules requiring standby crews.

 Eliminate all rules stipulating the number of crew members required, and allow management to determine when and where to use trainmen, conductors, and engineers.

Rail bargaining is expected to be rough. However, strike action may be put off for at least 90 days under the Railway Labor Act. The 21 rail unions are asking for wage increases and fringe benefits that, the railroads estimate, will cost \$750,000. Railroad management is seeking a 15% pay cut all along the line.

Roster of Union-Company Arbitrators Changes as Steel Strike Drags On

The steel strike is unsettling for a great number of people, including some of the nation's top labor arbitrators who ordinarily handle grievance cases under the industry's contracts. For them, the steel strike has been a long dry period, although they expect a business pickup when and if a new agreement is reached.

It is also a time for contract renewals between the arbitrators and the two parties—the union and the companies. Three important changes in the making:

• Republic Steel, reportedly, has replaced arbitrator Harry Platt with Joseph G. Stashower. Platt and Republic are said to have parted company by mutual agreement; Platt will use his time to take care of other business. The company, however, would not confirm nor deny the change.

• Inland Steel, earlier, failed to renew its contract

with arbitrator David Cole. It had wanted more of his time than he was willing to give. Cole says he and the company are now discussing whether he should stay on part time with another man sharing the arbitration work-load.

 Jones & Laughlin and the union let Sydnev Cahn's contract run out. He has been with J&L for eight years, an "unusually long tenure," say industry observers.

Dave Beck Gives Up Parking Lot Job But "He's No Better Than Anyone Else"

Scattle's most prominent parking lot attendant—Dave Beck—retired last week. The former Teamsters president quit taking quarters and dispensing friendly service after he found he was getting too many callers. "People weren't buying tickets," explains Beck, "they were just dropping in to talk."

Beck, who is active in Seattle real estate, owns four parking lots. He began taking tickets on his Civic Center lot because "it wasn't building up the way it should," he explains. But now it is doing "very well," after 2½ months of his personal attention.

On his retirement as a parking lot attendant, Beck says: "It was a good honest labor. I'm no better than anybody else. And I was doing pretty good 'til the papers found out about it."

Electrical Workers Win Contract At Hotly Contested Belock Plant

James B. Carey's International Union of Electrical Workers last week rubbed salt into the wounds of the Sheet Metal Workers when it signed a contract with Belock Instrument Corp. The two unions hotly contested for representation rights at Belock.

The IUE contract capped a long-standing jurisdictional squabble between the two unions—and it flies in the face of an AFL-CIO council edict. The federation's top brass ordered Carey's union "to cease and desist" from raiding the sheet metal union at Belock. But IUE persisted, won an NLRB election, and finally secured a contract. "As far as we are concerned," says Pres. Milton Weihbrauch of IUE District 4, "it's over."

But whether it is "over" as far as the AFL-CIO is concerned is still in doubt. A federation spokesman says the case "is on the shelf," pending the setting up of full-fledged AFL-CIO jurisdictional disputes machinery (BW –Sep.26'59,p160).

Union Will Return Khrushchev's Call

A "friendly welcome" to Soviet Premier Nikita Khrushchev on his recent visit to the U.S. by Pacific Coast dockers paid off this week in an invitation to visit Russia. The International Longshoremen's & Warehousemen's Union announced that it had accepted the invitation and that a delegation will visit Russia soon.



GUIDE of National Assn. of Investment Clubs, Thomas E. O'Hara of Detroit (facing camera), was a pioneer in forming it and helped run it for eight years "as a hobby." Now he's its first paid official.



ADVISER to many investment clubs, George A. Nicholson, Jr., of Smith, Hague & Co., Detroit, says: "We're getting nation-wide now; next year NAIC will become international."



ENGINEER-Joseph Pitts, of South Bend's Media Club-all engineers-is only 20% to 30% ahead on his private investments, but his \$1,400 in the club is now worth \$2,300.

Investment Clubs Look at Market-

Last weekend, the investors pictured on these pages gathered in St. Louis to swap experiences, grapple with new ideas on portfolio management, and pick up, any way they could, tips on stock market buys.

Like all investors, large and small, they were mainly interested in which way the market—and particular stocks -would move next. Compared to institutional portfolio managers, they were not a sophisticated group. But they knew much more than the average small investor. As members of the National Assn. of Investment Clubs, they were gathered for their ninth annual convention, and, as usual, talked shop.

The market slant that came out of

their talk was this: The stock market is not in for any serious trouble, although the prolonged steel strike has made the investment clubbers a bit queasy. A few think there might be a break soon, and these are keeping some cash in the till; but only a handful are selling stocks.

· Clues-Investment clubs, made up of



HOUSEWIFE—Mrs. T. L. Williams, Jr., Winnetka, Ill.: "My husband didn't have time to study the market, so I formed a club. We'll hold our stocks until they double in price."



COST CLERK-Edward R. Kula, Detroit: "We keep one dog around-a Canadian stock we bought on a 'hot tip' from a Toronto broker for \$1 a share (now 71¢)-just as a reminder."



PHYSICIAN—Dr. Leland L. Holbert, Kansas City, Kan., is one of few club members bearish on short term, but he sees "lots of good long-term buys." His Inter-City Club has 15 members.



DRAFTSMAN—Joan Endejan, president of St. Louis Council, NAIC Clubs: "I'm bullish, despite the way the market has been acting. I wish we had more money to invest in long-term buys."

and Keep Buying for Long Term

individuals pooling their funds to make joint investments, are largely a postwar phenomenon. In numbers, they are not very large. There are only about 65,000 members in NAIC—although there are thousands more outside the organization. Over-all, investment clubs invest only about \$750,000 to \$2-million monthly.

Yet most investment clubbers have substantial portfolios of their own, too. What's more, their psychology is that of small investors, and thus they offer a fine example of what such investors think about the stock market—and what they may do in the next six months.

It almost goes without saying that clues to this thinking are important.

More persons are participating in the stock market today than ever before in history. Over 12-million individuals own shares of the nation's corporations, and the number is rising steadily.

By sheer size, this mass is a powerful influence in the stock market. Nowhere is this clearer than in the postwar climb in stock prices which owes so much to



Auto's poison, jet plane's meat...

Low-grade paraffins in auto fuel that used to reduce octane rating had to be left in because there was no economically feasible way to get them out. But not any more. Molex*, a new continuous process developed by Universal, successfully removes them, greatly increases octane rating of auto gasoline.

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More Than Forty Years Of Leadership In Petroleum Refining Technology the increasingly vigorous manner in which investors have flocked to common stocks. Small investors may not be directly responsible for stock market swings-that role being left to the big institutions-but what they think and do underlies all the major trends.

· Bullish-As far as the investment clubbers are concerned, almost all are bullish on the economy for next year, and on equities for the long pull, and they are putting their money in solid blue chips and what they consider to be growth stocks-as they did during the 1957 stock market break.

The long-term bullishness on equities holds even for most of the few shortterm bears. Says Dr. John C. Almond, of Poulsbo, Wash.: "Right now, we're holding cash, because we think the market is in for a short-term bad spell. The odd-lots have been buying, and that's a sign to stay out. But if we hear about a good long-term situation, we'll buy."

· Favorites-The top 10 holdings, according to a survey by NAIC: Sperry Rand, Monsanto Chemical, General Dynamics, Olin Mathieson, General Motors, Phillips Petroleum, American Marietta, Parke, Davis & Co., General Telephone & Electronics, Pfizer.

But investment favorites run the gamut. Joseph Pitts, 34-year-old missile engineer for Bendix Aviation, says his 'Media Club"-all engineers-is high now on certain aviation stocks. San Antonio's "Verwaltung" (German for stewardship) just bought Jessop Steel-'which came highly recommended." Chicago's "Gold Coast Clippers" (composed of 13 career women; boxscore: nvestment-\$4,083; net worth-\$7,967) ikes Automatic Canteen and Ampex. Many clubs are high on electronics hares.

· Contrast-In sum, the investment club members are not as worried about the short-run market as are the big institutions (BW-Oct.31'59,p111). Both groups are bullish about the economy, but while the big institutions have pulled out of the market in significant numbers, investment clubs have

If this is true of most small investors as appears likely-it means that more than ever in the big bull market of 1958-59, the public is carrying the weight of stock prices on its shoulders.

• Fun, Too-But to get a perspective on what investment club members say and do, you've got to understand what makes the clubs tick. Some are composed of serious, dedicated investors, who spend lots of time analyzing securities. But others are run chiefly for amusement. "It's hard to keep the boys watching a chart," says one Texas lawyer. "Fact is, they almost bought a race horse once. We use our club meetings mostly for education on good



INVESTMENT CLUB members crowd into St. Louis' Sheraton-Jefferson Hotel to hear talks on portfolio management, forecast of Dow-Jones level of 975 by late 1960s.

investment practices, but we also have a lot of fun.

This mixture of social and investment needs has meant that clubs concentrate on common stock purchases. Buying bonds just doesn't hold enough glamorand requires too much mastery-for most club members. Thus, in effect, the investment clubs have become pint-sized common stock mutual funds, almost entirely invested in equities.

· Conservative Success-But regulars noted that this year some of the starryeved attitude toward the stock market was missing. That's one reason why portfolio statements of various prize-winning clubs were the most popular convention exhibit. One that got attention was this four-year-old club's portfolio:

Stock	Cost	Present Value
Barnes Engineering	\$502.95	\$438.75
Diners' Club	1066.56	1106.25
Electro Instruments	259.46	577.50
Elec. Res. Associates	550.93	621.25
Frigikar Corp	970.55	1681.92
General Transistor	247.90	740.00
Glasspar Corp	497.90	670.00
Sandura Co	1025.29	851.00
Texas Instruments	301.70	1721.25
Thiokol	605.79	1798.50

\$6,029.00 \$10,206.42

This performance cannot be considered spectacular by any means. But to many investment clubs, it marks the "conservative success" they're looking

· Matter of Taste-In the corridors, there was more swapping on stock selections. Marvin T. Deane, of "Verwaltung," for example, explained his "taste

"We decided that TV was good for the snack market. So one day we had the secretary-treasurer buy samples of all the snack foods he could find. At our meeting, we tasted all of them and decided Fritos was best by far. So we bought some Fritos stock. We paid \$6

per share, and it went to \$17.75."

But James C. Barnes, a 30-year-old stockbroker who has assisted in organizing about 100 investment clubs in the South Bend area, had different advice. Barnes feels that when the Dow-Jones industrial average reaches 645, club members should convert 10% of stock holdings into bonds, preferably governments. When the Dow hits 650, says Barnes, another 10% should be transferred out of equities into bonds. "Clubs should learn how to clip coupons," warns Barnes.

· How They Pick-Many of the clubs, though, stick to dollar-cost averaging. Monthly, they sink a set amount of their funds into several stocks, regardless of their price at the time. Osver Gibson, of Seattle and the North Pacific Investment Club, explains, "We average down on stocks that have declined because we believe in the long-term." He adds: "I'm still bullish but see a possibility of a serious market drop by 1962.

In talking stocks, club members were on the hunt particularly for "hot locals." As one clubber explained: "You can often spot the growth potential in a small, local company more rapidly than you can in a big blue chip. These

are the stocks to buy.

Old-timers to the investment club movement were quick to tell newcomers that "you've got to take the long-term approach if you want to be a successful club." "A trading club," says Thomas E. O'Hara, NAIC official, "lasts only about two years."

O'Hara's own club, Mutual Investment Club of Detroit, is now 20 years old. Its 12 members have invested a total of \$38,304-which would be worth \$152,583 if liquidated now. END

The snap-brim stays home

HARD HATS are turning up in a lot of unexpected places in New York State these days. They're being worn by men who get things done: the experienced business and professional men who now occupy key positions in Governor Nelson Rockefeller's new cabinet.

To create more and better job opportunities throughout the state, these hard-hat "doers" have launched dozens of new programs for industry. State programs are under way to improve the administration of laws affecting business. Still other programs are helping to upgrade public facilities and services offered by local communities... cement the already favorable relationships between business and labor...streamline

state and regional tax policy...and weld urban and suburban areas into economically sound units. In fact, 73 New York State communities have already entered the Federal-State Urban Planning Assistance Program.

If you agree that your company could grow in this hard-hat businessman's climate, why not get in touch with Commissioner of Commerce Keith S. McHugh? He will provide you with free, up-to-date reports on sites, labor, transportation, markets, raw materials, water. The reports are comprehensive, confidential, and tailored to your needs. Write Keith S. McHugh, New York State Department of Commerce, Room 252, 112 State St., Albany, N. Y., or phone ALbany 5-7521.



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Smoother Sailing for Ship Bonds

Mortgage bonds against a new vessel offer the lure of high yields and a government guarantee against default.

Until recently, however, they were sold only through private placement with institutional investors.

Now they are being publicly offered—at lower cost to the shipping lines and a fatter spread for the bankers.

Wall Street is showing renewed interest these days in a comparatively new instrument of finance—U.S. government-guaranteed "ship mortgage bonds." Like a utility mortgage bond or railroad equipment trust certificate, these are debt obligations secured by projectly—in this case, a ship—but with the idded advantage of federal backing.

Twestment banking syndicates have reported oversubscriptions of two recent ship mortgage bond offerings: a 512 million, 5% issue by Pacific Far Eas Line, Inc., due in 1981, and a 51+2-million, 5% issue by American President Lines, Ltd., also due in 1981.

Demand for the bonds was keen aming individuals, pension funds, savings banks, and smaller insurance companies. The reason is that ship mortgage bonds, alone among corporate bonds, have a twin appeal—high yield and a government guarantee of principal and interest in case of default. This puts them in the same class with Public Housing Administration bonds and Veterans Administration and Federal Housing Authority mortgages.

eral Housing Authority mortgages.
• Privately Placed—Until a year ago, ship mortgage bonds were unavailable in the open market. All such financing was done by private placement with big institutional investors; no one thought a public market could be established. As a matter of fact, until 1956 even the institutions weren't very interested. In that year, however, Congress provided a 100% government guarantee instead of 90% and in 1958 insurance payments in cash in the event of default, instead of in low-coupon 10-year debentures. Since then, the institutions have been snapping them up.

Sizing up this new demand, G. K. Martin of Merrill Lynch, Pierce, Fenner & Smith, Inc., and officials of Grace Line, Inc., had a "twin brainchild" in the summer of 1958. They came up with the idea of offering shipmortgage bonds publicly and establishing a going secondary market in which future public sales could be made. Grace had just built two ocean liners, and was looking for permanent financing.

Aside from Wall Street's usual skep-

ticism about something new, the Grace Line financing had to surmount two obstacles:

• The need for approval from the U.S. Maritime Administration, which now determines whether offerings of ship bonds will be public or private. This was granted.

 The need to increase the federal insurance fund that would be used to pay off lenders on any defaults. This Congress did by authorizing the Maritime Administration to place money calls against the Secretary of the Treasury if funds were required.

• Advantages—When the offering went through, Merrill Lynch and its group had a gross profit spread of about 1½ points—\$10.25—for the sale of each \$1,000 bond. This compares with a spread of $\frac{7}{8}$ to 1 point for utility mortgage bonds; the higher spread was the only way a new deal such as this could be swung. For participating dealers, the sales concession amounted to ½ point, instead of the usual ½ to $\frac{7}{8}$

For Grace and the shipping companies that followed its lead, interest costs were lower, because of the larger demand in the open market, and the companies had the chance to buy their bonds back in the open market at a saving if they later sold at a discount.

In October, 1958, Merrill Lynch and Grace floated two issues—\$9-million worth of \$4\%\$ bonds, due in 1978, as a mortgage against the SS Santa Rosa, and \$9-million in 4.2\% bonds, due in 1978, covering the SS Santa Paula. At the time, interest rates in private placements of ship bonds ranged from \$4\%\$ to 5\%. Now, with the sharp rise in rates, the Grace bonds are selling around \$90-or \$900 for a \$1,000 bond—and the company can purchase them at a discount.

• Waning and Waxing—After this offering, interest in new shipbuilding waned, and some said the Grace issue was a "one-shot deal." Shipping companies were strapped for cash to finance construction, shipping rates were at a postwar low—tumbling from twice the 1952 average in 1956 to half the average in 1958 and 1959—and layups were

approaching peaks. Besides, competition from foreign vessels was acute, and big oil tankers, idled by the reduction in crude imports, were switching to dry cargoes. This further depressed rates.

A few months ago, though, international trade revived, and shipping rates and volume began to firm up. In addition, Congress amended the Merchant Marine Act of 1936 to make it possible to issue ship mortgage bonds against ships still under construction. (Grace Line's offering had been for two ships already completed.) The Pacific Far East Line took advantage of this provision in its recent financing—for two vessels, the SS Philippine Bear and SS China Bear—that won't be finished until late 1961 and early 1962.

No one knows how much public financing via ship bonds will come out of these recent developments. But the Maritime Administration reports that it has committed \$325-million out of its authorized \$1-billion in insurance, and commitments are still climbing.

• Two Types—These commitments have been made to both subsidized and nonsubsidized shipping lines. So far, though, only the subsidized lines have issued bonds publicly against a mortgage. These carriers provide scheduled liner service between the U.S. and foreign ports on routes regarded by the Maritime Administration as essential to U.S. commerce. They can issue notes or mortgage bonds—with a maximum 5% interest rate—to cover 75% of shipbuilding costs.

Nonsubsidized lines, for their part, can issue mortgage bonds equal to 87½% of their ship construction costs. To date, the Maritime Administration has refused to allow public sale of these bonds, chiefly because these lines incorporate each ship separately. The subsidized lines offer their bonds under their general corporate name.

• Held Back—One factor acts as a power brake on public ship mortgage financing: Congress this year authorized only enough construction subsidies for 16 ships. But there's a bigger boom on the way in private placements of bonds issued by the nonsubsidized lines. A few weeks ago, the Maritime Administration approved loan and mortgage insurance for three large tankers to be built for U.S.-flag operation by the Onassis interests. One of them, a 106, 500-ton super tanker, would be the world's largest.

Wall Street dealers say secondary trading in ship bonds has been relatively quiet so far. But investor interest is growing. The ship bonds yield almost as much as high-grade corporate bonds, and more than governments. END

In the Markets

Market Regains Some of Its Steam But Still Lags Behind August High

The stock market this week was more like its old self than it has been in months, with investors bidding up prices fairly actively. The Dow-Jones industrial average climbed close to the 650 level, well above the 615 it hit during the decline in September but still below its

August high of 680.

Most analysts did not believe the rally would last. Few saw a real decline in sight, but the majority expressed the view that the current wave of strength represents much weaker leadership than the market has experienced in the past. In particular, they consider the big jump in American Motors and Studebaker-Packard much less impressive than it would be if GM and Ford were being bought heavily.

Court Invalidates New Haven RR's Deal To Buy Back Its Own Preferred Stock

Through the intervention of the U.S. Circuit Court of Appeals, the hard-pressed New Haven RR this week was relieved of one of its most embarrassing obligations: a 1955 agreement to buy back 131,000 of its own preferred shares at \$75 a share. The issue was selling this week at about \$11 on the New York Stock Exchange.

The deal stems from a financial bind that the New Haven faced in 1955, when it needed to borrow heavily to pay for hurricane damage repairs. A government guarantee for the loan was available, but preferred shareholders—led by former New Haven president Frederic C. "Buck" Dumaine, Jr.,—wouldn't approve unless the road's then president Patrick B. McGinnis would agree to limit dividends on the common stock. McGinnis would not do this; so an investment banking group was formed to buy Dumaine's preferred shares at \$60. The New Haven, in turn, said it would buy back the shares at \$70, thus giving the group a "banking profit." This agreement expired in 1957; it was then renewed and the repurchase price raised to \$75.

The Appeals Court decision, which, technically, was on a move by the Interstate Commerce Commission to invalidate the deal as an "issuance of securities" without necessary ICC approval, may end the matter. But the investment bankers still can appeal to the Supreme Court, and at midweek this appeared likely.

Court, and at midweek this appeared likely.

Investment Funds Take Defensive Tack, Add to Holdings of Cash and Governments

Broad and significant shifts in investment policy highlight the third-quarter reports of investment companies, according to a roundup by Arthur Wiesenberger & Co. Most notable is the funds' increasingly defensive position (BW-Oct.31'59,p111). A number of major funds-including Dividend Shares, Television-Electronics, United Science, and Incorporated Income—added to their holdings of cash and governments.

Part of this defensive attitude stems from the fact that many funds are taking a hammering in the stock market. For the first time in nearly two years, net assets of the investment companies declined. Assets as of Sept. 30 totaled \$16.4-billion, compared to \$16.7-bil-

lion at the end of the second quarter.

Also striking is the fact that the oil group, once the top institutional favorite, no longer holds top rung—partly because of market depreciation, partly because the funds sold \$15-million worth of oil shares on balance. Steel issues, of which the funds bought \$10-million on balance, now are the most favored group. Office equipment shares maintained their position as the second most popular group, with oils dropping to third place.

Top third-quarter favorites, though, were public utility stocks, chemicals (Allied Chemical was added by seven funds, reduced by none), and metal and mining shares. Besides oils, airlines and machinery stocks stuck out among those groups in which sales exceeded

purchases.

British Financial Groups Propose A Code of Ethics to Govern Mergers

An influential group of British bankers, brokers, and institutional investors have proposed a code of ethics governing mergers, or "take-over bids" as they are known in England. The action was taken at the request of the Bank of England, which has been disturbed by speculative excesses that have accompanied the recent wave of British mergers (BW–Sep.5'59,p66). The Bank of England's request was made last July, long before the Jasper scandal (BW–Oct.3'59,p31)—which had to do with take-over bids.

The group treads lightly in its recommendations. In general, the members shy away from direct interference in the merger procedure. They insist only that shareholders in companies involved get complete, accurate information about the bid and its implications and that "there should be no interference with the free market

in shares of the companies."

Though this code has a heavy weight of prestige behind it, London observers say it is no solution to the problems set off by the merger boom, and, more recently, by the Jasper scandal. The influential Financial Times notes that despite the broad coverage of organizations endorsing the code—including all the principal banks as well as the London Stock Exchange—companies most likely to be involved in take-overs, such as the real estate outfits in the Jasper case, are missing from the list.

The final answer, possibly in the form of a regulatory authority analogous to the SEC, London brokers say, is likely to come from a government inquiry. The Jasper case has prompted an official investigation into the basic Companies Act, which regulates all English corporations.



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ON THE DOUGLAS DC-8



United Air Lines, first to fly the DC-8 in commercial flights

Douglas's Jetliner is the rising sun in the travel sky. This roomy cabin of comfort crosses the heavens like a brush of color. Its punctual speed connects the American coasts in five hours, or puts down in London in six, Rio nine, Tokyo about ten. But before ever leaving the ground, and for shock test and safety, it was 'flown' experimentally more than a hundred years.

DC-8 is the latest lap in Douglas progress that started with barnstorming *Cloudster* hops. From its rugged military biplanes of the twenties, its DC-3 that revolutionized air travel in the thirties, its DC-4 and 6 of the forties and its de luxe DC-7, Douglas design has given the world's passengers and pilots outstand-

ing dependability. For its aircraft and missile building another kind of protection, as sure as Douglas skill, comes from another pioneer-INA.

INA insurance protection is in many areas... fire, marine, liability, crime... and accidental death benefits on flying employees. Wouldn't you like to have the extra value in complete protection and personalized service that makes Insurance by North America better? Whether your company is large or small, it can benefit from this leadership protection. For the interesting facts, call any INA agent or your broker.

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• World Headquarters: Philadelphia

INSURANCE BY NORTH AMERICA



PERSONAL BUSINESS

BUSINESS WEEK NOV. 7, 1959



From time to time, an executive in a well paying position reaches a point where he feels his prospects in his present job are limited. The unrest can stem from many causes. He may be No. 2 man in a company where the No. 1 man is only a few years older, or possibly younger. Or he may be in a company or industry that has gone static, and he wants to try his wings in a more dynamic field.

If you're in such a situation, or are advising someone who is in such a spot, keep in mind that the starting off point may be a personal resume.

There are a lot of misconceptions about business resumes. One is that they are designed strictly for people in lower salary brackets. Another is that they serve little purpose for the man who is currently employed.

Actually, the resume can be a valuable aid to the middle- or top-management executive who decides to move into greener pastures. By using a well prepared resume, he can operate on a broader basis—that is, he can go way beyond the range of personal contacts, and cross over into new industries and even into other parts of the country.

What's more, if he handles this effort with finesse, he usually can keep his activities confidential. (One way, obviously, is to give complete information, but withhold the name of your present company.)

If you've been thinking of making a change, this might be a good time to look around. From New York to Chicago to Los Angeles, leading recruiters of talent in the \$25,000-and-up range agree that the demand for topdrawer executives is up "substantially" over a year ago. One New York scout goes all out and says demand is nearly double that of this time last year. A leading Chicago company says "up nearly 50%."

Average salaries are higher, too-maybe 5% over a year ago, recruiters say. Some even say "up 10%."

Why the sudden openings at the top? "Since the recession," says a Midwest recruiter, "companies have been busy expanding their product lines and markets, and thus creating new executive jobs that previously didn't exist." At the same time, reports one of New York's top recruiters, "there's been a shaking out of ineffective individuals on many management staffs."

You get some shifting, depending on local factors, but generally the search is heaviest for (1) top managers with broad policy-level experience; (2) executives with engineering backgrounds plus seasoned managerial abilities; and (3) men with wide experience in international operations.

What form should your resume take, and what should it contain? Even top recruiters split on this, but here's a consensus on some of the stickier points:

- Length. Keep the resume crisp, not over one-and-a-half or two pages; avoid abrupt telegraphic style and, conversely, long-windedness.
- Form. Use individually typed resumes. Printed or duplicated copies almost invariably give the wrong impression. In any case, use a covering letter directed to the individual company.
- · Contents. Don't make the common mistake of assuming that purely personal information is surplus, or even damaging. Generally, in addition to a non-chronological (reversed-in-order) business history, you should include (1) a statement of outstanding personal and professional accomplishments; 163

PERSONAL BUSINESS (Continued)

BUSINESS WEEK NOV. 7, 1959 (2) details of family and community background; (3) a summary of educational training; (4) details on social status, club membership, etc.; and (5) a candid statement of your career objectives.

It's probably unwise to pitch the whole tone of your resume to a particular position—unless you're sounding out the company for the president's chair. Also, it's usually best not to mention either your present salary or what you might accept. One reason is that fringe benefits and sweeteners such as stock options may make simple salary figures somewhat meaningless. If you insist on spelling out dollars, do it in the covering letter.

Three final pointers:

Don't hide your age (relocation ages are going up these days).

Don't bother with photographs (they mean little and may convey a negative impression).

Don't hire a professional writer to compose your resume (you're apt to wind up with a "pat" job that will sound artificial).

Auto season: Would you like to know the basis on which you can trade for a 1960 model? In about 10 days, a soft-cover publication called Car Fax 1960 will be available—with full details on the dollars and cents of all the new makes and models, including dealers' costs (Car Fax, 550 Fifth Ave., New York 36; \$4).

Even old-hand drivers can benefit from **Skillful Driving**, by M. N. Halsey (Doubleday, \$3.95)—it tells how to master the 200 most crucial situations in modern traffic, and has an excellent section on superhighway strategy.

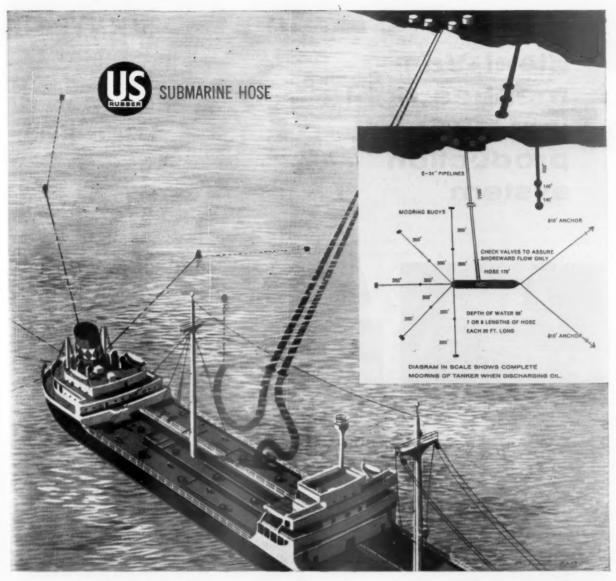
Don't be surprised if a college president or trustee requests an appointment to talk with you soon. They'll be calling on the nation's corporate leaders in an effort to raise over \$10-million for 477 schools that receive no tax support. While in the past, presidents of independent colleges have acted independently or within their state organizations, they have started to move on a national basis with the Independent College Funds of America, Inc., as coordinator and clearinghouse.

Potpourri: You may want to ask your doctor about Bristol Labs' new synthetic penicillin tablet, which the company says will make injections obsolete . . . Meanwhile, the American Medical Assn. is airing a report that says the risks associated with oral polio vaccine "appear to be greater than suspected" . . . Starting Dec. 1, Western Union will link five cities with a new service that will transmit facsimiles of full-page documents, drawings, charts, etc.; fees for material 7½ in. by 4 in. will be \$2 between New York and Washington, D. C., \$4 from New York or Washington to Los Angeles or San Francisco, and \$2.40 New York to Chicago . . . Capital Airlines is offering commuter-ticket service connecting New York, Buffalo, Pittsburgh, Washington, Atlanta, Cleveland, Detroit, Chicago, and Minneapolis-St. Paul . . . For boatsmen, the Volvo-Penta Aquamatic marine power unit, combining an inboard engine with an outboard drive, will go from experimental to production basis in 1960 (\$1,395) . . . A fire alarm that sounds simultaneously in bedroom and outdoors when room temperature in any part of the house reaches 135F is available (Fire Detective, Inc., 300 Chancellor Ave., Newark, N. J., \$250 up).

oil

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From tanker to shore...the hook-up is U.S. Amazon Hose

The only submarine unloading point for oil tankers on the East Coast is at the Northville Dock Corp., Long Island, N.Y.

The operators say that submarine unloading would be impossible without hose of this character. Foreign and domestic tankers use this undersea hose (7100 feet offshore) as a hook-up to pipelines discharging heavy and light fuel oil directly into storage tanks on shore. Expensive dock and wharfage facilities are eliminated. The tankers are moored at sea.

The U.S. Amazon® Hose H2323 in use here resists the corrosive action of salt water and the turbulent action of swift tides. Its lightness and flexibility enable crew mem-

bers to make it fast to the deck headers in record time. Also it curves easily from the water to the deck. There is never any sharp bend to impede flow.

Similar installations for other oil companies are located at world-wide points, proving the soundness of the construction features and the over-all quality of U. S. Amazon Hose.

When you think of rubber, think of your "U.S." Distributor. He's your best on-the-spot source of technical aid, quick delivery and quality industrial rubber products.



Mechanical Goods Division

United States Rubber

WORLD'S LARGEST MANUFACTURER OF INDUSTRIAL RUBBER PRODUCTS

Rockefeller Center, New York 20, N.Y.

In Canada: Dominion Rubber Company, Ltd.

"Flexi-Van meshes right into our production system"



"Our high-speed presses operate around the clock, printing over 30,000,000 magazines and catalogs per month."



"This is one continuous operation from presses to binding and straight on out to waiting car or Flexi-Van."



"When I see those bundles go into a Flexi-Van, I know they will be on the newsstand exactly on schedule."



says Kathryn Mandlehr,
Director of Transportation,
Fawcett-Dearing Printing Company
Louisville, Kentucky.

"There is literally no storage room in our plant. As the millions of magazines and catalogs pour off our presses, there is no place for them to go but *out*. So one of the things I like about Flexi-Van is that there is always a Van at the dock when I need it. The other big advantage is that I know the shipment will arrive in Pittsburgh, or Boston, or New York exactly on schedule. That's important when you're meeting publication dates. I use Flexi-Van wherever possible and expect to use it more as service becomes available."

New York Central Railroad

Write: R. L. Milbourne, Director of Flexi-Van Sales and Service, N. Y. Central, 466 Lexington Avenue, New York 17, N. Y.



Your freight is loaded, locked in



Van boards freight train at trackside. Transfer time, 4 minutes.



Shipment rides low, well cushioned aboard high-speed cars.



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Beats trucks on long hauls. Two pick-ups or three deliveries.

In Management

Annual Reports Sprout More Data— And More of Them Give Summaries

More and more facts are being crammed into annual reports to stockholders every year according to a survey by the American Institute of Certified Public Accountants. To balance the extra data, more than two-thirds of 600 leading industrial corporations last year included an easy-to-read summary; a decade ago, only one-third offered summaries.

Last year, 85% of the companies included comparisons with other years on such important items as per-share earnings, gross sales, and dividends. In 1946, only 41% presented such data. There has also been a sharp increase in the explanations of capital surplus—this year 247 gave the details, against the 70 of 10 years earlier. Six times as many companies now give full details on long-term leasing arrangements.

The term "balance sheet" remains the most popular label for annual statements, but such variants as "statement of financial position" are picking up support. The traditional "profit and loss statement" has almost disappeared, being replaced by "income statement" and "statement of earnings."

Seven-City Stockholders Meeting Is Staged on Coast-to-Coast TV

Stockholders of General Mills, Inc., had a novel annual meeting last week—the first company meeting ever held simultaneously in seven different cities united by a coast-to-coast closed-circuit TV network. The 4,000 General Mills shareholders who took part sat down at the company's main office in Minneapolis and in six hotel ballrooms in New York, Boston, Buffalo, Chicago, San Francisco, and Los Angeles. Other companies have put on closed-circuit stockholder shows before, but only to handle overflow crowds, take viewers on TV plant tours, or connect two meeting sites.

The one-hour General Mills show featured an inspection trip to the Betty Crocker Kitchens in Minneapolis, a tour of the world's largest flour mill in Buffalo, and the usual annual reports from Chmn. Gerald S. Kennedy and Pres. Charles H. Bell. Then stockholders questioned company officers over a two-way audio hookup.

Plant Survey Finds Skilled Workers Stress Freedom; Unskilled Stress Pay

Production workers doing a variety of high-skill tasks are likely to be substantially different people from those doing primarily repetitive unskilled jobs, according to an article in the current Administrative Science Quarterly by Dr. Chris Argyris, associate professor of industrial rela-

MORE NEWS ABOUT MANAGEMENT ON:

- P. 169—Goodrich's J. Ward Keener pushes effort to increase profitability.
- P. 178-GE boosts Schenectady's drive to attract new industry.

tions at Yale. Working under a grant from the National Institute of Mental Health, Argyris interviewed nearly 300 workers in two very different departments of the same manufacturing plant, arrived at a rank order of their "predispositions."

Those doing the unskilled work were most interested in their pay, while the skilled workers cared most about being left alone to do their jobs in their own way, with a minimum of management controls. They cared about pay, of course, but gave it a lower rating They also gave great importance to turning out high-quality work, to having a variety of tasks to perform, and to initiating action for others to follow through—factors of no importance to the unskilled workers.

Surprisingly, however, Argyris found that both groups of workers were happy with the same type of foreman, and that he was a very different type from that described as ideal by most consultants oriented to human relations—including Argyris. The foremen at the plant made virtually no decisions, got the respect of the workers by acting rather as buffers

They did not seem to have any "human relations skills such as sensitivity to feelings, self-awareness, listening, and the like," yet they provided the kind of direction the workers asked for: They absorbed pressure from above, so that the worker didn't feel under tension; they kept up the steady flow of work so important in this plant (which paid piece-rate); and they allowed the workers to do their jobs in their own way

UCLA Will Use \$1.3-Million Ford Grant To Widen Program in Management Science

Management science, the new mathematical approach to making business decisions, is getting a big boost from the University of California at Los Angeles. UCLA is using a recent \$103-million Ford Foundation grant to set up a Western Management Science Institute.

Since electronic computers are an important tool in management science, the new institute will cooperate with UCLA's Western Data Processing Center, which was set up two years ago with the help of International Business Machines Corp. The 50 Western colleges and universities now participating in the center are being invited to share in the activities of the institute too.

The Ford grant will be used to support management science research, provide for scholarly seminars and discussions, finance short courses in using computers, provide consultation to member schools, and pay visiting professors. UCLA is already pressing a number of research projects in management science, including studies of communication, organization, competitive market structure, information storage and retrieval, and inventory and production scheduling.









Mr. J. Van Krevelen, Buyer in Norge Division of Borg-Warner Corporation, buys Scott Towels because:

"Norge towel costs dropped 30% the first year when we switched to Scott UHA Towels"

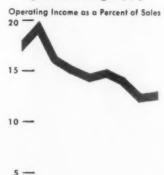
It makes sense—the fewer paper towels you use, the lower your towel costs. Often where two, three and even four paper towels are used to dry hands and face, one Scott UHA (Ultra High Absorbency) is all that's needed. If you're now using another brand of paper towel, why not run a comparative test like Norge did. Your Scott distributor will tell you how to go about it. Look for his name in the Yellow Pages under "Paper Towels."



Scott UHA Towels Scott Multifold Towels Scott Singlefold Towels ScotTissue

Warning Flags for Goodrich

A down trend in profit margin...



Data: Standard & Poor's: BUSINESS WEEK.

. And in return on investment







ITS RESPONSE:

- **Building up central** staff
- Tightening controls on research & development
- **Dropping marginal** products
- **Pushing market** research
- **Expanding overseas** manufacturing

Steering Toward Profitability

To J. Ward Keener, president of B. F. Goodrich Co. (cover), profitability, not size, spells corporate success. By this standard, the fourth largest company in the rubber industry has a problem.

Keener used to teach statistics to college students, and he judges profitability chiefly by such indexes as profit margins and return on investment. In terms of those indexes, Goodrich has been slipping since 1955 (chart).

The president's solution is what he calls "a planned approach to profit-ability." He has been working on that approach since he became Goodrich's chief executive at the relatively voung age of 50 a little more than a year ago. Now some examples of what he means are beginning to appear:

· Goodrich is expanding its manufacturing overseas, where profit margins are higher. New plants are open or on the way in Brazil, Holland, Iran, and Australia. In its new foreign ventures, Goodrich is holding majority interest to give it a bigger share in profits; in the past, it had been content with a minority role.

· More careful screening of new product proposals is resulting in a push for those with high profit potentialand death for the others. "For a technical man," Keener points out, "a product that will produce \$20,000 in sales is just as interesting to develop as one that will produce \$20-million. We want to make sure he concentrates on the \$20-million one.'

· Goodrich is dropping some of its more than 30,000 existing products if they don't meet profit standards. Last spring it sold Harmon Color Works to Allied Chemical Corp. and simply shut down a Cadillac, Mich., factory turning out rubber products for the auto industry (BW-Mar.14'59,p154).

· The headquarters staff is being strengthened "to make sure we have staff cognizance over all functions." This staff is tightening controls over the decentralized operating divisions to cut costs and keep profits up. It has also taken charge of national advertising, formerly dispersed among divisions, in order to present a "consistent corporate

I. A Lacklustre Showing

All these steps are aimed at pushing up profit margins and return on invest-ment. Says Keener: "Our goal is to be not the largest but the most profitable company in our industry.

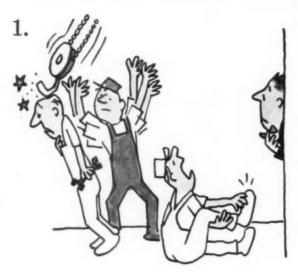
Its annual sales of around \$700million rank Goodrich as fourth in the rubber industry-behind Goodyear Tire & Rubber Co., Firestone Tire & Rubber Co., and U.S. Rubber Co. From the end of World War II until 1955, Goodrich usually did better than the other three on the indexes by which Keener measures performance.

Since 1955, though, Goodrich has been sliding. Its net income has been declining, while Goodyear and Firestone have consistently upped their profitsexcept in recession 1958. In 1957 and 1958, both competitors had higher profit margins. And for the past three vears Firestone has been ahead of Good-



ECONOMIST by training, Goodrich Pres. J. W. Keener wants company to be its industry's most profitable, not largest.

The Case of the Clumsy Worker



"This man can do the work of ten," Bill Casey realized,
"But if I keep him all my men will soon be victimized.
He's always mashing someone's toe or bashing in a head.
I'd better call a Travelers man before I'm in the red."



When Travelers' man arrived he stated sympathetically, "You need our Workmen's Comp and Public Liability. We'll put our safety experts on the problem right away—
To make this man productive in a less destructive way."

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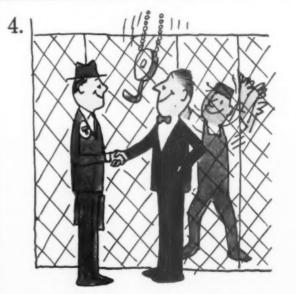
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BUSI



As promised, Travelers safety engineers dug in and worked To study Casey's operation—find where dangers lurked. "Our Workmen's Comp and Liability," said Travelers' man, "Cuts accidents and lowers rates—a moneysaving plan."



So up went Casey's profits and his company's morale—
The clumsy worker hurt no one, alone in his corral.
Suppose you have a nemesis—inanimate or human:
Call in a trusty Travelers man—a man of great acumen.



THE TRAVELERS Insurance Companies

HARTFORD 15 CONNECTICUT



JOHN N. HART, like Keener a former economics teacher, is Goodrich's controller. He is seeking to tighten controls.

ich in return on investment, by Goodich's own calculations.

• Why the Slip—There are many reaons, of course, for Goodrich's posiion. The company can't do much bout some of them—such as price comiction in chemicals and plastics and ising costs of labor and natural rubber. But others it is tackling now—such as lowness to grasp profit opportunities verseas, coddling of low-profit prodicts, and a slight overdose of decenralization.

Of Goodrich's internal problems, orcanization is probably the most basic; in one way or another, it underlies most of the others. Like many other companies, Goodrich has not found it any curch to live with decentralization.

• Splitting Up—Goodrich switched about six years ago to a divisionalized organization, with managers of product or geographic divisions responsible for their own manufacturing, sales, and pricing. At the time, decentralization was in vogue in U.S. industry. Goodrich had a precedent in its B. F. Goodrich Chemical Co., a subsidiary that had been pretty much on its own since it was formed in 1945.

Unlike some decentralizers, Goodrich's top management didn't abdicate completely in favor of the divisions. Its theory was to decentralize operations but to retain central policymaking and controls. Capital expenditures, major purchases, and salary changes had to be approved by headquarters groups officially known as councils. (Keener is an outspoken foe of committee management because, he says, "decisions never get made by committees." Goodrich councils meet and discuss, but the chairmen make the decisions. Nevertheless, some Goodrich executives call them committees anyway.)

The divisions kept plenty of reports flowing into headquarters on their plans and accomplishments. On the whole, says Keener, "our controls have been about as advanced as any company's." The weakness lay in failure to provide enough staff at the headquarters level to make the controls work. "You can have all the reports in the world and they are no good unless you are equipped to analyze them properly," Keener points out.

II. Reversing the Trend

As a cure, Goodrich is building up its central top management staff, both in numbers and in authority. The key appointments include:

W. W. Scull, former director of manufacturing services, in the new job of manufacturing vice-president.

F. K. Schoenfeld, research vice-president, who has run Goodrich's R&D since 1954, given the task of coordinating the divisions' product development work—chiefly to make sure the divisions focus on profitable ideas.

Don C. Miller, from the New York advertising agency of Kenyon & Eckhardt, Inc., as marketing vice-president, a new title for all practical purposes.

John N. Hart, a former economics professor, in the new post of controller.

• Versatility—Miller and Hart illustrate Keener's approach to picking executives. Miller is a marketing specialist with experience in handling advertising for the auto industry, a big Goodrich customer, but he's brand-new to rubber. Keener doesn't think this is any disadvantage; a competent man, he says, can pick up the industry knowledge he needs.

In divisional appointments, Keener has also been imaginative. When the



AD AGENCY was training ground for Don C. Miller, marketing vice-president in a company that has stressed technology.



"That's right, George it's an envelope made with a snap fastener."

Just lift the flap: "Click" — it's open! Now press the flap down: "Snap" — it's locked! You can do this over and over again . . . the snap fastener has a long and useful life!

How useful? For manufacturers of such things as drills, reamers and other small tools it's a natural. Such packaging woos dealers because it simplifies their problems in retailing a variety of small products.

There are countless other uses. For example, companies use the larger sizes to carry memos around the office. Contents are locked safely inside the envelopes while they travel from desk to desk. And the envelopes last a long time.

You'll find these Columbian Snap Fastener Envelopes to be only one of the many ideas for speeding operations, promoting efficiency and economy represented in the 70 envelope styles shown in the U.S.E. Envelope Selector Chart. To get a copy, free, just pin this ad to your letterhead and mail to Advertising and Sales Promotion Department.

U.S.E. makes more envelopes for more people to use in more ways than any other manufacturer in the world. Also Paper Cups, Transparent Containers and Linweave Quality Papers and Envelopes.

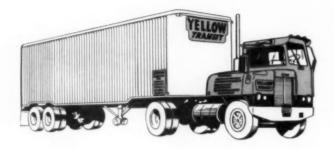
UNITED STATES ENVELOPE

COMPANY



Springfield 2
Massachusetts
from Coast to Coast

Your LTL shipments get express-schedule service wherever Yellow Transit goes!



Depend on Yellow Transit to keep your LTL shipments moving. No stopovers. No needless delays. On long hauls, only the drivers change; your shipments go straight through. All your shipments, large and small, get this express-schedule handling. You get on-time deliveries... more dependable service... when you ship via Yellow Transit.



Direct, daily service between more than 1,750 points in

KENTUCKY

Indiana • Michigan
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Oklahoma • Texas

Growing by serving better since 1924

HOME OFFICE: 1626 Walnut Street
Kansas City 8, Missauri

YELLOW TRANSIT

FREIGHT LINES



NEW PRODUCTS funnel through Vice-Pres. F. K. Schoenfeld, who must make sure profitable ones get priority.

Canadian subsidiary, B. F. Goodrich Canada, Ltd., needed a new president, he picked R. V. Yohe, who had a sales job in another subsidiary with divisional status, B. F. Goodrich Industrial Products Co. Yohe's replacement came from the B. F. Goodrich Chemical Co. In addition, Keener likes to move men around in functions. For example, the former development vice-president of the chemical company is now its sales vice-president. His post in development went to the manufacturing vice-president.

This kind of "cross-streaming," Keener feels, gives men broader experience and makes them more capable as over-all executives. It also helps to keep divisions from getting ingrown.

Academic Start—Keener himself prepared for his present post by "cross-streaming." A Southerner (the "J." stands for Jefferson) with a master's degree from the University of Chicago, he taught business administration at Ohio Weslevan University during the Depression, then went on Goodrich's payroll as a special analyst. He founded the company's business research department, which does its economic forecasting and market research. He also held staff jobs in finance and employee relations before moving into top-level general management.

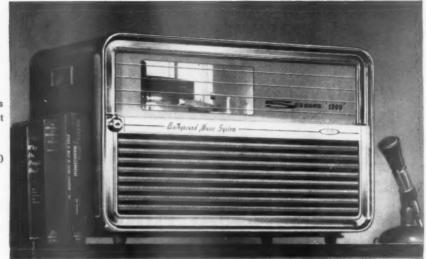
Hart, who used to teach at Ohio State, also worked in business research and employee relations. More of a statistician than an accountant, he was named controller because he "had a head for drawing conclusions."

• Tightening—The corporate staff— Hart, Schoenfeld, Miller, Scull, and others—has the job of tightening controls.

Scull and Hart are masterminding a drive to cut operating costs. Their staffs

REVOLUTIONARY in every respect

- 1000 selections on only 25 records
- Almost 40 hours of music without repeating a selection
- 100% automatic operation
- · Self-contained (no central studio)
- · Paging and public address
- · Lightweight and compact



Background music that fits your business to a "T" ... the New Seeburg '1000'

The Seeburg '1000' Background Music System fits every business to a "T." For small stores and shops just plug it in . . . for larger installations play it through existing sound systems.

The music libraries—arranged, programmed and recorded by Seeburg—are custom-tailored. Now, for the first time, you can have tailored music scientifically created for your particular kind of business.

If you are about to have music for the first time, here is the perfect answer. Or if you have music now, learn what a great improvement Seeburg offers over any existing music service.



THE SEEBURG 1000' Tailored BACKGROUND MUSIC

LEARN ABOUT
THIS ENTIRELY
NEW CONCEPT IN
BACKGROUND MUSIC!
MAIL THE COUPON.

The Seeburg Corporation, Dept. BW 1500 N. Dayton St., Chicago 22, Ill.

Send complete information on Seeburg Background Music.

Name of Business....

Address

CityZoneState

One Good Way To Help Our Colleges And Universities

The business community has made an impressive start in going to the desperately needed financial aid of our colleges and universities. Business contributions to higher education have increased from only \$40 million in 1950 to \$136 million in 1958.

This rise in financial aid to higher education should be a great source of satisfaction to the business community. But it goes only part way toward meeting the growing needs of colleges and universities for financial help. Over the next ten years business aid to our privately supported colleges and universities alone must increase to at least \$500 million a year merely to provide decent faculty salaries and meet the increased operating costs of taking care of enrollments that will almost double.

One pervasive reason why many business firms have not joined the ranks of the companies contributing to higher education seems to be that, in the interest of prestige and public relations, they are making their provision of aid contingent upon finding some particularly novel way of providing it. So long as this point of view persists, business aid will lag, for there are simply not enough ways of providing financial aid that are both notably novel and sensible.*

How The Plan Works

There are, however, some well-tested ways of providing aid which improve rather than fade in appeal with more using. One such way is the making of supplemental tuition payments to colleges and universities at which a company's employees take courses.

Many companies have scholarship or tuition-refund programs which cover all or part of the costs to their *employees* of taking college courses. But, in most colleges and universities, tuition charges fall far short of covering the full cost of the education given. By making an unrestricted "cost-of-education" grant a part of their employee scholarship or tuition-refund plans, these companies could make a material contribution toward covering the *college's* full costs as well.

The tuition supplement can be a fixed amount or a percentage of the tuition charged. Some plans provide for supplements as high as 100% of tuition, though there is usually an upper limit to the total supplemental payment given for each employee enrolled in the institution.

The plan seems to have originated with the Ford Motor Company Fund. When we at McGraw-Hill first learned of it, it appealed to us as having so many advantages, and so few disadvantages, that we adopted it as one part of our own program of financial aid.

The efforts of the McGraw-Hill Publishing Company to find a suitable method of aiding higher education prompted the writing of a "more or less Socratic dialog" entitled A Business Wrestling with the Problem of Aid to Colleges and Universities. Copies of this pamphlet, which underlines the difficulty of finding both a novel and satisfactory method of providing aid, are available on request.

HOW THE HEADS OF SOME OF THE INSTITUTIONS TO WHICH McGRAW-HILL HAS MADE GRANTS FEEL ABOUT THE TUITION SUPPLEMENT PLAN

"We are pleased not only because this addition to the never adequate supply of non-earmarked funds is a most welcome one, but also because it attests to the fact that the employees of our neighboring business firms are benefiting from the courses we offer at times convenient for them. We hope this mutually beneficial plan may continue and grow with the years."

> Grayson Kirk, President Columbia University

"I shall take this occasion to express deep sentiments of appreciation, in my own name and in the name of the members of the Board of Trustees, for the very effective manner in which your corporation is aiding higher education by the payments made under your tuition supplement plan. Certainly your action is indicative of the fact that you realize industry and higher education must join forces to preserve the basic American system of free enterprise."

Very Reverend John A. Flynn, C.M. President, St. John's University

"The growing recognition by business and industry of the financial needs and important services rendered to the community by the colleges and universities is most encouraging, and Temple University is deeply appreciative of the fine support extended through McGraw-Hill's program of supplementary grants."

Robert L. Johnson, President Temple University

The Plan's Advantages

The main advantages of the tuition supplement plan are:

• It is simple and easily administered. Payments can be made when scholarships or tuition refunds are granted, or at another time convenient to the company.

 It relieves the company of the difficult and sometimes disagreeable task of choosing one college rather than another. The individual employee makes the choice.

• It directly serves the interest of the company by encouraging and aiding the

institutions where its employees take courses. In a sense, the company makes contributions in direct proportion to the value it receives in education for its employees.

• It directly serves the interest of the colleges and universities receiving the grants by getting money to them in the form most appreciated—unrestricted funds to be used at the discretion of their administrators.

Largely because tuition supplements are unrestricted as to use, this plan enjoys the unqualified approval and gratitude of the schools receiving such aid. This is not true of some of the other plans for granting aid to colleges and universities.

Tuition supplements, of course, can't be regarded as large efforts relative to the need of higher education and the responsibilities of business. But they are a very practical and useful first step, involving almost no problems. If you are not familiar with the idea of supplemental grants, why not discuss it with some of your friends in the field of higher education?

The Price Of Novelty

Our experience with tuition supplements indicates that this is an excellent plan, and we are glad to recommend it to other companies looking for an effective method of providing financial aid to higher education.

At any rate, we hope that business firms will not postpone granting financial aid until they find some novel way of doing it. If they do, it will be another case of too little and too late.

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W. W. SCULL advanced to manufacturing vice-presidency when Keener began to build up his top-level group.

are comparing expenses, location by location, against set standards, and probing for ways to automate, to economize on quantity and quality of materials, and to share equipment among divisions

Schoenfeld is working out priority lists for new products. He heads a new research and development council that passes on proposals for new product development. Another new council, headed by Executive Vice-Pres. Arthur Kelly, is watching divisional inventories of products and materials. Older councils have been given more authority. Scull's purchasing council, for instance, must O.K. every large purchase, not just those for rubber and chemicals.

In fact, the staff does a lot more spadework in analyzing every divisional request for funds. Projects must meet profitability standards. Divisons must show the spending is necessary to boost sales, reduce costs, or protect a market. Until headquarters staff have checked and evaluated the figures, a proposal can't even get on a council agenda.

 Predicting the Market—It used to be purely optional to use the services of the market researchers at headquarters, but now every new product proposal from a division must be accompanied by a market research study, either from the headquarters group, which has been expanded, or the division's own people.

The market research staff is working on standards to judge market potentials and distribution channels. It's also systematically screening industries for new product opportunities; Keener favors diversification that represents "a logical extension of our perimeter."

• Customer Study—Most of all, the market researchers are studying Goodrich's customers. Many of the company's executives think their weakest

link in marketing is in knowledge of the ultimate consumer—especially in consumer goods, now about two-thirds of total sales volume. Goodrich knows its distributors well, its marketing men say, but it is fuzzy about just who buys from them, how much, and why.

Keener would like to change that. A proponent of "the marketing concept, total marketing, or whatever you call it," he believes that "everything starts with the customer." He's trying to spread this idea throughout the com-

• Lips Sealed—Promoting marketingmindedness is essentially Miller's job. Just how he plans to do it neither he nor Keener will say. "For competitive reasons," both are keeping mum about the contents of a fat volume of proposals approved by Goodrich's board a few weeks ago. (Keener, who likes the written word, demands—and actually reads—voluminous reports from his subordinates.)

It seems likely, though, that Goodrich's marketing will be revitalized partly with organizational changes. Research and technology have always come first in the past; Goodrich claims the industry's first research laboratory, the first tubeless tire (BW-Aug.28'54,p60), and a big share of the credit for synthetic rubber. As a result, products traditionally have been assigned to divisions with the technical knowhow to produce them, rather than to those with distribution channels to sell them. The industrial products company, for example, makes-and markets-consumer items such as hot water bottles and baby pants.

• Too Early to Tell—A fresh look at divisional product mixes, from the point of view of marketing rather than manufacturing, will probably bring some switches. But whether this will also lead to more centralization is harder to

Keener still thinks divisional authority is basically sound "provided you find out how that authority is being used and keep things from getting off the track." He describes the changes at Goodrich as rounding off its decentralization, not recentralization. So far, decision making has been shifted from divisions to headquarters in only two areas: national advertising and real estate.

However, he reports, the staff is studying "each function and subfunction to determine what needs to be done and where it can be done best." Depending on the results, he says, "we will either centralize or decentralize more functions."

It's also too early to tell whether Keener's "planned approach" to profitability is going to pay off. But so far in this year the indexes are looking up. END



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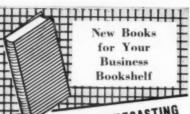
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GE Helps Hunt New Industry

Schenectady's dominant employer plays big part in the city's efforts to bring in new businesses. But the stress is on community effort, with everyone helping.

In a flurry of publicity and catchy slogans, the city of Schenectady last week began a vigorous new effort to attact new industry. One factor made Schenectady's drive stand out from other civic courtships of business: The total involvement of a huge company

in the campaign.

The company is General Electric. Its involvement is much more than the routine sharing of a community project. For in a very real sense, CE is a part of the problems that make the program necessary. The company has been the dominating economic force in the city for many years. During World War II, 40,000 people worked in the red brick buildings that sprawl at the end of Erie Boulevard. Even now-after the departure of several GE divisions and at a low spot in the ultra-cyclical heavy turbine and generator business—the company has 22,000 employees in the city—about 40% of Schenectady's labor force and double the number at any other one point in the GE empire.

· Excess Labor Area-What with the departure of GE divisions and its cyclical lavoffs-which in this industry may last several years-and with cutbacks at Alco Products, Inc., and other local heavy industries, Schenectady has become a chronic excess labor area, with about 6% of the work force idle. Moreover, many highly skilled workers, laid off by GE, now commute long dis-

tances to lower paving jobs.

The situation became acute in the 1957-58 recession. Groups were formed from time to time to seek new industries. One was set up by the Chamber of Commerce; another, the Schenectady Development Corp., even raised \$100,000. But all the groups withered from lack of experience and direction-SDC's money just sat in the bank.

Finally, last summer, a really effective organization was set up. For shock effect, it took the name GUTS-for Gear Up for Tomorrow in Schenectady. In national advertising this was bowdlerized to GTS, when a newspaper refused to print the ads. Otherwise, the name is still GUTS.

• Company Help-Nearly everyone in the city says it was GE management that gave the project the big push it needed, although the company makes no such claim. GE's news and employee relations staffs did most of the spade work, much of it on company time. William S. Ginn, company vice-

president and general manager of the

turbine division, wrote to his executives urging them to join the campaign as interested members of the community.

Before the kickoff meeting last week, leaders from all segments of the community-bankers, professors, small businessmen, labor officials-were recruited as committee chairmen and for other jobs. The general chairman is L. B. Harris, a management consultant. He came to Schenectady 14 months ago to do a job for the GE turbine plant and has since moved his whole staff

to the area permanently.

GE tries very hard not to get too much of the credit for starting and pressing the campaign. Says Ginn: "If GUTS is classified as a GE project, that would kill it quicker than anything else." He reasons that the program can be effective only if the whole town pitches in to sell prospective employers. If everyone thought that GE was ready to do the work and foot the bills, the rest of the community would lie back and let GE do it. A committee chairman says: "The people in this town have been suffering from long-term adolescence and we have to wake them up and make them accept responsibilities instead of letting big brother or Washington do the job."

· Small Contributions-To stress this policy, GUTS leaders went to last week's meeting without having collected a cent, though they say they could have had \$25,000 from GE and \$60,000 from an unnamed source-probably the Development Corp. bank account. Instead, they want to collect \$85,120 from individuals, if possible in nickels and dimes so that everyone will feel a stake in the program. They insist that the money will be spent solely for postage, phone calls, and out-of-town expenses. Everything in Schenectady will be donated.

The response has been gratifyingly widespread. As one cab driver remarked, "How can you be against God

and mother?'

• Explanation-Cynics in the town keep wondering "What is in it for GE?" William Ginn has a multiple answer for the support of the program by GE managers:

· They live in the town and want

it to be prosperous.

• They feel that General Electric bulks too large in the community. A healthier share of the labor pool would be 10%-15%

• The turbine business will always



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Century Electric is typical of motor manufacturers pioneering in new developments. Result: motors that keep equipment going without frequent maintenance shutdowns.

But Century also feels that application engineering is vital. Getting the right motor for the job is just as important as building long life motors. Century specializes in this sort of service for its customers. You can find out how it works by contacting Century Electric Company, 1806 Pine St., St. Louis 3, Missouri. END

be cyclical, despite GE's entorts to bring in subcontractor work in slack times and its willingness to tie up capital by spreading construction of big units over

a longer period.

Union leaders are more than a little suspicious of these explanations. Some of them fear that GE does not intend to get back to the 30,000-job level mentioned in the past, and is helping GUTS just to relieve the pressure. And they believe the industries that may be brought in will have lower wage scales than the highly-paid electrical workers are accustomed to. But for the time being, they are actively participating in the GUTS program.



New Chief for Met

Cecil J. North, 64 (picture), took over the presidency of Metropolitan Life Insurance Co. this week. At the same time the former president, Frederic W. Ecker, became chairman of the board, and Harry C. Hagerty, 67, formerly financial vice-president, assumed the newly created position of vice-chairman of the board. Ecker, who is 63, remains the chief executive of-

The post of board chairman is a revived one; it was abolished two years ago after the death of Chmn. Leroy A. Lincoln. Ecker's 92-year-old father, Frederick H. Ecker, who was board chairman from 1936 to 1951, continues as honorary chairman.

North had been executive vice-president and a director of Metropolitan since last year. He started as an agent in 1920 while still a student at Harvard Business School. Frederic W. Ecker has been with Metropolitan 34 years; he started as assistant treasurer and was made president in 1953. Hagerty, an investment specialist, joined the company in 1917.



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Too Many Bosses in Banking

In what seems to be an extremely dubious and high-handed intervention, attorneys for the Justice Dept. have delayed the purchase of one Wisconsin bank by another (page 68) even though the acquisition had won the approval of both the state banking commission and the Federal Reserve Board.

Under the law, the Fed is the body that has the power to accept or reject bank holding company acquisitions. The Justice Dept., however, injected itself in the case on the pretext that the antitrust laws might be involved. It did not in fact charge the banks with any violation of the law. Instead, it requested that the banks hold up the proposed acquisition until Justice could make a review. Rather than face action after the acquisition, the banks in question had no choice but to agree to a postponement.

This is not the first time that Justice has intervened in banking. Only a few weeks ago, its Antitrust Div. stepped in to block a proposed merger between two Connecticut banks. Here again, the merger had been approved, after a thorough study, by the Fed. And here again, Justice did not actually file any suit but merely threatened action under the Sherman Act, the first time that this device has been used against a bank. As a result, the banks called off the merger.

The zeal of the Justice Dept. is to be commended. But it appears to be misplaced. For there are a host of specific safeguards in banking legislation to protect against monopolies or undue concentrations. And the Federal Reserve Board has never been accused of leniency in deciding whether to approve or veto banking mergers and acquisitions.

This suggests that the watchdogs of the Justice Dept. are engaged in mischievous and harassing tactics in matters that do not concern them. Before any real and lasting damage is done, it behooves the wiser heads in the Administration, including the Attorney General, to call off the dogs fast.

In fact, it now seems that there is an undue concentration of authorities looking into the matter of concentration in banking. If the Justice Dept. honestly feels that the present laws are insufficient, then it should submit recommendations to Congress for a change in the laws. But as long as the present laws are on the books, the Justice Dept. has no business getting into the act.

Industry and Education

Two lengthy, scholarly studies, out last week, have some deservedly harsh words to say about the quality of business education that most U.S. colleges are giving today (BW—Oct.31'59,p84). Al-

though conducted independently, both studies come to the same conclusion: Except in a few of the outstanding graduate schools, the student who concentrates on business courses is likely to come out knowing very little about business and nothing about anything else.

A large part of the blame for this unhappy state of affairs rests with the educators themselves. For years, the academicians, with their traditional contempt for anything so crass as cash, have steered the most promising students away from business courses. At the same time, college administrators, who are anything but scornful of the dollar, have been tempted to make the business schools cheap degree factories for students who couldn't stand the gaff of a straight liberal arts course.

But if the academicians must take their share of the blame, so must the businessmen who hire the students from the schools that specialize in bargain-counter degrees. All too often, the employer is unwilling to put any value on true education. He wants a graduate "who knows something," meaning a boy who has had a narrowly technical training in office procedures, bookkeeping, or filing. It's not until some years later that the employer begins to wonder why these young hotshots never seem to qualify for promotion or make any real contribution.

There is no question that the quality of business education needs upgrading. But if the drive for higher standards is to get anywhere, it must come as much from businessmen as from the colleges.

Training Technicians

There is another, totally different aspect of education in which business also has a vital interest. An increasing number of local schools and community colleges are making an effort to set up and maintain technical education programs (page 76). These courses are designed to help fill one of the big holes in the U. S. manpower situation—the shortage of technicians.

These programs, like most vocational education, depend heavily on advisory boards from local industry—for suggestions on updating courses, for visiting lecturers, for money and equipment.

Industry has a good record for cooperation with these schools. But what it has done so far has only scratched the surface. Too much cooperation is just on paper; too many companies are waiting for the schools to take the initiative.

The company that gives a boost to technical training in the local schools is not only helping itself, it is helping to upgrade the whole U. S. labor force. In the long run, there is no investment that will pay off more handsomely.



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